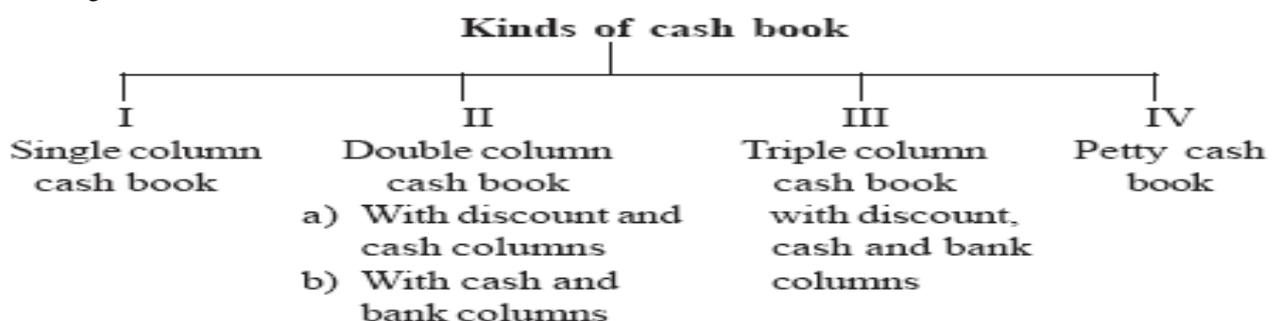


## CASH BOOK (I)

- ◆ Cash book is a book of original entry in which transactions relating only to cash receipts and payments are recorded
- ◆ When cash is received it is entered on the debit or left hand side
- ◆ Similarly, when cash is paid out it is recorded on the credit or right hand side of the cash book
- ◆ Cash Book is dual purpose book; it is Journal as well as Ledger
- ◆ It is journal as cash transactions are chronologically recorded in it. It is a ledger as it contains a classified record of all cash transactions. It Journalized Ledger
- ◆ As for as cash is concerned, consists of coins, currency, checks, money orders, and money on hand or on deposit in a bank
- ◆ Cash is reported in both the balance sheet and the statement of cash flows. The balance sheet shows the amount of cash available at a given point in time. The statement of cash flows shows the sources and uses of cash during a period of time
- ◆ Cash on hand, cash in banks, and petty cash are often combined and reported simply as Cash
- ◆ Cash is the most liquid asset and is listed first in the current assets section of the balance sheet
- ◆ Many companies use the designation “Cash and cash equivalents” in reporting cash. Cash equivalents are short-term, highly liquid investments (Marketable Security) that are both:
  1. Readily convertible to known amounts of cash, and
  2. So near their maturity that their market value is relatively insensitive to changes in interest rates
- ◆ A negative balance in the cash account should be rare. If so, it should be reported among current liabilities
- ◆ This book enables us to know the balance of cash in hand and at bank at any point of time
- ◆ Cash book consists of cash and bank accounts taken out of ledger and maintained separately
- ◆ For Every entry made in the cash book there must be a proper voucher
- ◆ Being the cash book with the balance brought forward from the preceding period or with what we start. It appears at the top of the left side as "Balance b/d" or "Capital b/d" in case of a new business
- ❖ It should be balanced at the end of a given period

### 14.1 Kinds of Cash Book

The type of cash book to be used by any business will depend upon its nature and requirements. It may be anyone of the following



#### 14.1.1 Single Column Cash Book (Cash Column)

- Single column cash book records only cash receipts and payments
- It has only one money column on each of the debit and credit sides of the cash book





