

Chapter- 4

Recording of Transaction II

Short Question

Q1: Briefly state how the cash book is both journal and a ledger

Q 2 :what is the purpose of contra entry?

Q3: What are special purpose books?

Q4: What is petty cash book? How it is prepared?

Q5 Explain the meaning of posting of journal entries?

Q 6: Define the purpose of maintaining subsidiary journal.

Q 7: Write the difference between return inwards and return outwards

Q 8: What do you understand by ledger folio?

Q9: What is difference between trade discount and cash discount?

Q10: Write the process of preparing ledger from a journal.

Q11: What do you understand by Imprest amount in petty cash book?

Long answers

Q1 :Explain the need for drawing up the special purpose books

Q2 :What is cash book? Explain the types of cash book.

Q3:What is contra entry? How can you deal this entry while preparing double column cash book?

Q4 :What is petty cash book? Write the advantages of petty cash book?

Q5 :Describe the advantages of sub-dividing the Journal.

Q6 :What do you understand by balancing of account?

Numerical questions :

Q1 :Enter the following transactions in a simple cash book for December 2005:

	Rs
01 Cash in hand	12,000
05 Cash received from Bhanu	4,000
07 Rent Paid	2,000
10 Purchased goods Murari for cash	6,000
15 Sold goods for cash	9,000
18 Purchase stationery	300
22 Cash paid to Rahul on account	2,000
28 Paid salary	1,000
30 Paid rent	500

Q2 :Record the following transaction in simple cash book for November 2005:

	Rs
01 Cash in hand	12,500
04 Cash paid to Hari	600
07 Purchased goods	800
12 Cash received from Amit	1,960
16 Sold goods for cash	800
20 Paid to Manish	590
25 Paid cartage	100
31 Paid salary	1,000

Q3 :Enter the following transaction in Simple cash book for December 2005:

	Rs
01 Cash in hand	7,750
06 Paid to Sonu	45
08 Purchased goods	600
15 Received cash from Parkash	960
20 Cash sales	500
25 Paid to S. Kumar	1,200
30 Paid rent	600

Q4 :Record the following transactions in a bank column cash book for December 2005:

	Rs
01 Started business with cash	80,000
04 Deposited in bank	50,000
10 Received cash from Rahul	1,000
15 Bought goods for cash	8,000
22 Bought goods by cheque	10,000
25 Paid to Shyam by cash	20,000
30 Drew from Bank for office use	2,000
31 Rent paid by cheque	1,000

Q5 :Prepare a double column cash book with the help of following information for December 2005 :

	Rs
01 Started business with cash	1,20,000
03 Cash paid into bank	50,000
05 Purchased goods from Sushmita	20,000
06 Sold goods to Dinker and received a cheque	20,000
10 Paid to Sushmita cash	20,000

14	Cheque received on December 06, 2005 deposited into bank	
18	Sold goods to Rani	12,000
20	Cartage paid in cash	500
22	Received cash from Rani	12,000
27	Commission received	5,000
30	Drew cash for personal use	2,000

Q6 :

Enter the following transactions in double column cash book of M/s Ambica Traders for November 2005:

	Rs	
01	Commenced business with cash	50,000
03	Opened bank account with ICICI	30,000
05	Purchased goods for cash	10,000
10	Purchased office machine for cash	5,000
15	Sales goods on credit from Rohan and received cheque	7,000
18	Cash sales	8,000
20	Rohan's cheque deposited into bank	
22	Paid cartage by cheque	500
25	Cash withdrawn for personal use	2,000
30	Paid rent by cheque	1,000

Q7: Prepare double column cash book from the following information for September 2005:

	Rs	
01	Cash in hand	7,500
	Bank overdraft	3,500
03	Paid wages	200
05	Cash sales	7,000
10	Cash deposited into bank	4,000
15	Goods purchased and paid by cheque	2,000
20	Paid rent	500
25	Drew from bank for personal use	400

30 Salary paid 1,000

Q8 :

Enter the following transaction in a double column cash book of M/s Mohit Traders for January 2005:

	Rs
01 Cash in hand	3,500
Bank overdraft	2,300
03 Goods purchased for cash	1,200
05 Paid wages	200
10 Cash sales	8,000
15 Deposited into bank	6,000
22 Sold goods for cheque which was deposited into bank same day	2,000
25 Paid rent by cheque	1,200
28 Drew from bank for personal use	1,000
31 Bought goods by cheque	1,000

Q9 :Prepare double column cash book from the following transactions for the year December 2005:

	Rs
01 Cash in hand	17,500
Cash at bank	5,000
03 Purchased goods for cash	3,000
05 Received cheque from Jasmeet	10,000
08 Sold goods for cash	7,000
10 Jasmeet's cheque deposited into bank	
12 Purchased goods and paid by cheque	20,000
15 Paid establishment expenses through bank	1,000
18 Cash sales	7,000
20 Deposited into bank	10,000
24 Paid trade expenses	500
27 Received commission by cheque	6,000

29	Paid Rent	2,000
30	Withdrew cash for personal use	1,200
31	Salary paid	6,000

Q10 :M/s Ruchi trader started their cash book with the following balances on Dec. 01 2005 : cash in hand Rs 1,354 and balance in bank current account Rs 7,560. He had the following transaction in the month of December, 2005:

	Rs	
03	Cash sales	2,300
05	Purchased goods, paid by cheque	6,000
08	Cash sales	10,000
12	Paid trade expenses	700
15	Sales goods, received cheque (deposited same day)	20,000
18	Purchased motor car paid by cheque	15,000
20	Cheque received from Manisha (deposited same day)	10,000
22	Cash Sales	7,000
25	Manisha's cheque returned dishonoured	
28	Paid Rent	2,000
29	Paid telephone expenses by cheque	500
31	Cash withdrawn for personal use	2,000

Prepare bank column cash book

Q11:Prepare petty cash book from the following transactions. The imprest amount is Rs 2,000.

January		Rs
01	Paid cartage	50
02	STD charges	40
02	Bus fare	20

03	Postage	30
04	Refreshment for employees	80
06	Courier charges	30
08	Refreshment of customer	50
10	Cartage	35
15	Taxi fare to manager	70
18	Stationery	65
20	Bus fare	10
22	Fax charges	30
25	Telegrams charges	35
27	Postage stamps	200
29	Repair on furniture	105
30	Laundry expenses	115
31	Miscellaneous expenses	100

Q12 :

Record the following transactions during the week ending Dec. 30, 2005 with a weekly imprest Rs 500

		Rs
24	Stationery	100
25	Bus fare	12
25	Cartage	40
26	Taxi fare	80
27	Wages to casual labour	90
29	Postage	80

Q13 :

Enter the following transactions in the Purchase Journal (Book) of M/s Gupta Traders of July 2005:

- 01 Bought from Rahul Traders as per invoice no. 20041
 40 Registers @ Rs 60 each
 80 Gel Pens @ Rs 15 each

- 50 note books @ Rs 20 each
Trade discount 10%.
- 15 Bought from Global Stationers as per invoice no. 1132
40 Ink Pads @ Rs 8 each
50 Files @ Rs 10 each
20 Color Books @ Rs 20 each
Trade Discount 5%
- 23 Purchased from Lamba Furniture as per invoice no. 3201
2 Chairs @ 600 per chair
1 Table @ 1,000 per table
- 25 Bought from Mumbai Traders as per invoice no. 1111
10 Paper Rim @ Rs 100 per rim
400 drawing Sheets @ Rs 3 each
20 Packet water colour @ Rs 40 per packet

Q14 :

Enter the following transactions in sales (journal) book of M/s.

Bansal electronics: September

- 01 Sold to Amit Traders as per bill no.4321
20 Pocket Radio @ 70 per Radio
2, T.V. set, B&W.(6.) @ 800 Per T.V.
10. Sold to Arun Electronics as per bill no.4351
5 T.V. sets (20.) B&W @ Rs 3,000 per T.V.
2 T.V. sets (21.) Colour @ Rs 4,800 per T.V.
- 22 Sold to Handa Electronics as per bill no.4,399
10 Tape recorders @ Rs 600 each
5 Walkman @ Rs 300 each
- 28 Sold to Harish Trader as per bill no.4430
10 Mixer Juicer Grinder @ Rs 800 each.

Q15 :

Prepare a purchases return (journal) book from the following transactions for January 2006.

	Rs
05 Returned goods to M/s Kartik Traders	1,200
10 Goods returned to Sahil Pvt. Ltd.	2,500
17 Goods returned to M/s Kohinoor Traders for list price Rs 2,000 less 10% trade discount.	
28 Return outwards to M/s Handa Traders	550

Q16 :

Prepare Return Inward Journal (Book) from the following transactions of M/s Bansal Electronics for November 2005:

	Rs
04 M/s Gupta Traders returned the goods	1,500
10 Goods returned from M/s Harish Traders	800
18 M/s Rahul Traders returned the goods not as per specifications	1,200
28 Goods returned from Sushil Traders	1,000

Q17 :

Prepare proper subsidiary books and post them to the ledger from the following transactions for the month of February 2006:

	Rs
01 Goods sold to Sachin	5,000
04 Purchase from Kushal Traders	2,480
06 Sold goods to Manish Traders	2,100
07 Sachin returned goods	600
08 Returns to Kushal Traders	280
10 Sold to Mukesh	3,300
14 Purchased from Kunal Traders	5,200
15 Furniture purchased from Tarun	3,200
17 Bought of Naresh	4,060
20 Return to Kunal Traders	200
22 Return inwards from Mukesh	250

24	Purchased goods from Kirit & Co. for list price of less 10% trade discount	5,700
25	Sold to Shri Chand goods less 5% trade discount	6,600
26	Sold to Ramesh Brothers	4,000
28	Return outwards to Kirit and Co. less 10% trade discount	1,000
28	Ramesh Brothers returned goods Rs 500.	

Q18 :

The following balances of ledger of M/s Marble Traders on April 01, 2006

	Rs
Cash in hand	6,000
Cash at bank	12,000
Bills receivable	7,000
Ramesh (Cr.)	3,000
Stock (Goods)	5,400
Bills payable	2,000
Rahul (Dr.)	9,700
Himanshu (Dr.)	10,000

Transactions during the month were:

April		Rs
01	Goods sold to Manish	3,000
02	Purchased goods from Ramesh	8,000
03	Received cash from Rahul in full settlement	9,200
05	Cash received from Himanshu on account	4,000
06	paid to Remesh by cheque	6,000
08	Rent paid by cheque	1,200

10	Cash received from manish	3,000
12	Cash sales	6,000
14	Goods returned to Ramesh	1,000
15	Cash paid to Ramesh in full settlement	3,700
16	Discount received	300
18	Goods sold to Kushal	10,000
20	Paid trade expenses	200
21	Drew for personal use	1,000
22	Goods return from Kushal	1,200
24	Cash received from Kushal	6,000
26	Paid for stationery	100
27	Postage charges	60
28	Salary Paid	2,500
29	Goods purchased from Sheetal Traders	7,000
30	Sold goods to Kirit	6,000
	Goods purchased from Handa Traders	5,000

Journalise the above transactions and post them to the ledger.

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