

# Cash book

## J12/12

3 Amanda’s cash book for the month of April 2012 is shown below.

Amanda  
Cash Book

Date 2012	Details	Discount allowed \$	Cash \$	Bank \$	Date 2012	Details	Discount received \$	Cash \$	Bank \$
Apr.1	Balance b/d		60	100	Apr.6	Mitchell		120	
9	Julian	6		194	21	Sylvia (Dis. chq)			180
14	Sylvia			180	26	Equipment			2 000
28	Sales		1 300		29	Bank		1 100	
29	Cash			1 100	30	Balance c/d		140	
30	Balance c/d			606					
			1 360	2 180				1 360	2 180
2012					2012				
May 1	Balance b/d		140		May 1	Balance b/d			606

**REQUIRED**

(a) Explain the following entries in the above cash book.

April 6 Mitchell

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 .....[1]

April 9 Julian

.....  
 .....[2]

April 14 Sylvia

.....  
 .....[1]

April 21 Sylvia

.....  
 .....[1]

April 26 Equipment

.....  
 .....[1]

April 28 Sales

.....  
 .....[1]

(b) Explain the transaction which took place on 29 April. [2]

(c) (i) Explain the significance of the cash balance and the bank balance on 1 May.

.....  
 .....  
 .....  
 ..... [2]

(ii) State the section of Amanda’s statement of financial position on 30 April in which the balances shown in the cash book would appear.

Cash balance.....

Bank balance..... [2]

(iii) State why the cash column of a cash book can never have a balance brought down on the credit side.

.....  
 ..... [2]

(d) Using the information in the extract from Amanda’s cash book above, write up the following accounts in her ledger for April.

Amanda

Date	Details	\$	Date	Details	\$

Mitchell account

Date	Details	\$	Date	Details	\$

Julian account

Date	Details	\$	Date	Details	\$

Sylvia account

Date	Details	\$	Date	Details	\$

Equipment account

Date	Details	\$	Date	Details	\$

Sales account

Date	Details	\$	Date	Details	\$

Discount allowed account

Date	Details	\$	Date	Details	\$

[9]

[Total: 24]

**J12/21**

- 1 Stewart Hanson is a sole trader who maintains a full set of accounting records including a three-column cash book.

REQUIRED

- (a) Explain why the cash book is both a book of prime (original) entry and also part of the double entry system.

.....

.....

.....

.....[2]

On 1 January 2012 Stewart Hanson had the following debit balances in his cash book:

	\$
Cash	100
Bank	1 942

Stewart Hanson’s transactions for the month of January 2012 included the following:

- Jan 3 Paid Paul Yim \$398 by cheque in full settlement of his account of \$410  
8 Purchased office equipment, \$1 795, and paid by cheque  
13 Withdrew \$250, by cheque, to pay personal motor expenses  
20 A cheque received in December 2011 for \$115 from Sue West was dishonoured and returned by the bank  
28 Cash sales, \$1 970  
30 Paid all the remaining cash into the bank except \$50

REQUIRED

- (b) Enter the above transactions in Stewart Hanson’s cash book on the page opposite. Balance the cash book at 31 January 2012 and bring down the balances on 1 February 2012.

Stewart Hanson  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2012		\$	\$	\$	2012		\$	\$	\$
Jan.1	Balance b/d				Jan.				

[10]

- (c) Stewart Hanson’s bank statement for January 2012 showed that his bank account was overdrawn for most of the month.

(i) Explain why this overdraft occurred.

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 .....  
 .....[2]

(ii) Explain how the overdraft could have been prevented.

.....  
 .....  
 .....[2]

- (d) Explain how the business entity principle has been applied in the treatment of the personal motor expenses.

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 .....  
 .....[2]

**N15/23**

1 Paul Chew is a trader. He made the following entries in his cash book in September 2015.

Paul Chew

Cash Book for September 2015

Date 2015	Details	Discount allowed \$	Cash \$	Bank \$	Date 2015	Details	Discount received \$	Cash \$	Bank \$
Sept.1	Balance b/d		30	117	Sept.4	W Law (chqeque Dishonoured)			90
11	Bank		70		11	Cash			70
27	Sales		20	560	19	General exp.		80	
30	Yeung & Co.	3		287	24	K Tan	13		507

**REQUIRED**

(a)(i) Suggest **one** reason why the cheque on 4 September was dishonoured.

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 .....[1]

(ii) Explain the entry on 11 September.

.....  
 .....  
 .....[2]

(iii) Explain the entry on 27 September.

.....  
 .....  
 .....[1]

(iv) Calculate the percentage of the discount on 24 September.

.....  
 .....  
 .....[1]

(v) State how the total of the discount column on the debit side of the cash book would be entered in the ledger on 30 September.

.....  
 .....[2]

(vi) Calculate the bank balance on 30 September.

.....  
 .....

On 30 September 2015 Paul Chew’s bank statement showed an overdrawn balance of \$43. On comparing the bank statement and the cash book it was found that the bank had not recorded the transactions shown in the cash book on the following dates:

- 24 September
- 27 September
- 30 September

**REQUIRED**

**(b)** Prepare a bank reconciliation statement at 30 September 2015.

Paul Chew  
Bank Reconciliation Statement at 30 September 2015

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.....[5]

**N16/12**

**6** Amina and Doreen formed a partnership on 1 January 2016, buying and selling calculators. On that date they each paid \$5 000 into the business bank account.

Amina also brought in a delivery vehicle valued at \$8 100 to the partnership and Doreen brought in fixtures and fittings valued at \$4 800.

The partnership agreement stated that profits and losses would be shared in the ratio 2:1.

Depreciation was to be provided on a monthly basis, at the rate of 20% per annum for the delivery vehicle and 10% per annum for the fixtures and fittings.

In the first month of trading they had the following transactions.

- Jan 1 Paid 3 months’ rent totalling \$2 700, by cheque
- 2 Bought 1000 calculators for \$4 each from Bertie on credit
- 6 Sold 800 calculators for cash for \$10 each, keeping \$100 in hand and banking the remaining cash
- 13 Sold 50 calculators for \$10 each to Charlie on credit
- 20 Paid Bertie by cheque, deducting 3% discount for prompt payment
- 31 Paid wages for the month, \$800, by credit transfer

**REQUIRED**

**(a)** Prepare the cash book (bank columns only) for the month of January 2016. Bring down the balance



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[9]

(ii) **Saffie**  
Cash book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2017		\$	\$	\$	2017		\$	\$	\$
Sept.1	Balance b/d		120		Sept.1	Balance b/d			3 841

[10]

### J19/21

1 Sabelo is a trader. His financial year ends on 30 April.

He maintains a three column cash book and a petty cash book. The imprest amount is \$120. All payments under \$90 are made from petty cash.

Sabelo had the following transactions in April 2019.

2019

- April 1 Petty cash imprest restored from the business bank account
- 3 Paid Kenneth, a credit supplier, \$58
- 8 Elijah, a credit customer, paid his account of \$350 by bank transfer after deducting 2% cash discount
- 11 Paid for taxi fare, \$14
- 15 Bought stationery, \$24
- 19 Paid for office expenses by cheque, \$115
- 24 Paid for bus fare, \$9
- 27 Paid Ziningi, a credit supplier, \$585, by cheque, after deducting 2½% cash discount
- 28 Received a cheque for \$100 from a tenant for rent
- 29 Cash sales, \$820, of which \$800 was paid directly into the bank

#### REQUIRED

(a) Record these transactions in the following books which appear on the next two pages. Balance the books and bring down the balances on 1 May 2019.

- (i) Petty cash book [9]
- (ii) Three-column cash book

[10]



Sabelo’s bank statement showed an overdraft of \$1118 on 30 April 2019. He found that the bank had not recorded the transactions entered in the bank column of the cash book on the following dates.

April 19  
 27  
 28  
 29

The bank statement showed a debit of \$240 for Sabelo’s home insurance which should have been debited to his personal bank account.

**REQUIRED**

**(b)** Prepare a bank reconciliation statement at 30 April 2019.

Sabelo  
 Bank Reconciliation Statement at 30 April 2019

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**(c)** Advise Sabelo whether **each** of the following will affect his financial statements for the year ended 30 April 2019. Give reasons for your answers.

- 1 Received an order for goods to be supplied in May 2019.  
 Affecting the financial statements? (Yes or No) ..... [1]  
 Reason .....  
 ..... [1]
  
- 2 Decided to close the business with effect from 31 May 2019.  
 Affecting the financial statements? (Yes or No) ..... [1]  
 Reason .....  
 ..... [1]

**J19/22**

1 Annabel is a wholesaler. She maintains a three column cash book.

The following transactions took place in April 2019.

- April 8 Received a cheque from Ellie in full settlement of her account of \$450 after deducting 2% cash discount
- 15 Paid Ed \$468 by bank transfer to settle his account after deducting 2½ % cash discount
- 21 Received a cheque from Caleb, \$310
- 25 Withdrew cash from bank for business use, \$200
- 27 Paid operating expenses in cash, \$296

Annabel received her bank statement for April 2019.

The following items appeared on her bank statement but had not been recorded in her accounting records.

- 1 The cheque received from Caleb on 21 April had been dishonoured.
- 2 Carly, a credit customer, had paid \$294 by credit transfer to settle her account of \$300.
- 3 Bank charges for the month amounted to \$82.

**REQUIRED**

(a) Complete Annabel’s cash book. Balance the cash book and bring down the balances on 1 May 2019.

Annabel  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2019		\$	\$	\$	2019		\$	\$	\$
Apr.1	Balance b/d		150		Apr.1	Balance b/d			988

**N19/21**

1 Sophie employs a book-keeper to maintain her accounting records. The book-keeper was taken ill and was unable to complete the accounting records for August 2019.

The entries the book-keeper made in the cash book for August 2019 are shown:

The following transactions took place on 31 August 2019.

- 1 Received a cheque from Jason to settle his debt of \$550 after deducting 2% cash discount.
- 2 Paid a cheque to Ellie for \$858 to settle her account after deducting 2½% cash discount.

Sophie received her bank statement for August and compared it with her cash book.

The following items appeared on the bank statement but had not been recorded in Sophie’s accounting records.

	\$
Bank charges	53
Cheque received from Jack on 17 August dishonoured	156
Payment of insurance by direct debit	50
A credit customer, Bella, had paid her account by credit transfer	260

**REQUIRED**

- (a) Complete Sophie’s cash book. Balance the cash book and bring down the balances on 1 September 2019. [9]

Sophie  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2019		\$	\$	\$	2019		\$	\$	\$
Aug.1	Balance b/d		250		Aug.1	Balance b/d			4 010
17	Jack			156	2	Petty cash		94	
24	Sales		3 820		30	Bank		2 000	
29	Capital			5 000					
30	Cash			2 000					

- (b) State the meaning of the balance in the bank column in the cash book on 1 August 2019.

..... [1]

- (c) State the meaning of the entry made in the cash book on 2 August 2019.

.....  
..... [1]

(d) Explain the entries made in the cash book on 30 August 2019.

.....  
.....  
..... [2]

The bank had not recorded transactions entered in the cash book on 30 August and 31 August 2019.

**REQUIRED**

(e) Prepare a bank reconciliation statement for Sophie at 31 August 2019 to determine the balance on the bank statement.

Sophie  
Bank Reconciliation Statement at 31 August 2019

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..... [5]

(f) State **two** reasons for preparing a bank reconciliation statement.

1 .....  
.....  
2 .....  
..... [2]

Sophie’s ledger is divided into three: the sales ledger, the purchases ledger and the nominal (general) ledger.

**REQUIRED**

(g) (i) Identify **one** transaction recorded in Sophie’s cash book which would also be recorded in the sales ledger.

..... [1]

(ii) Identify **one** transaction recorded in Sophie’s cash book which would also be recorded in the purchases ledger.

..... [1]

(iii) Identify **two** transactions recorded in Sophie’s cash book which would also be recorded in the nominal (general) ledger.

1 .....  
2 ..... [2]

[Total: 24]

J-20/21

4 Rani earns advertising income by placing advertising boards in her shop window. The following details relate to her advertising income.

On 1 April 2019 Rani had received \$420 in advance, and \$300 was owed to her.

During the year ended 31 March 2020, Rani received cheque payments totalling \$6000. She decided to write off the amount of \$300 due to her.

On 31 March 2020 Rani had received \$500 in advance, and \$400 was owed to her.

**REQUIRED**

(d) Prepare the advertising income account in the ledger of Rani for the year ended 31 March 2020. Balance the account and bring down the balances on 1 April 2020.

Rani  
Advertising income account

Date	Details	\$	Date	Details	\$

[7]

(e) Explain to Rani the effect on gross profit of recording sales of inventory as advertising income.

.....  
.....  
.....  
..... [2]

1 Bilal is a trader. He buys goods on credit and for cash. He sells goods on a cash basis only.

The following transactions took place in April 2020.

- April 4 Bought goods on credit from Milly, list price \$320, subject to a trade discount of 20%
- 5 Bought goods on credit from EHL Limited, \$500
- 6 Bought stationery, \$145, paying by cheque
- 8 Cash sales, \$280, were paid immediately into Bilal’s bank account
- 10 Paid \$128 cash to Milly
- 12 Cash sales, \$110
- 13 Bought goods on credit, \$250, from Todd who offers 4% cash discount for payments made within 14 days
- 17 Bought office equipment, \$500, paying by bank transfer
- 21 Paid by cheque for the goods purchased from Todd on 13 April after deducting the cash discount
- 24 Paid \$485 to EHL Limited by telephone transfer, having deducted 3% cash discount
- 28 Sold old office equipment for \$50 cash

**REQUIRED**

(a) Prepare the purchases journal for April 2020. Total the journal and indicate the ledger account to which the total would be posted.

Bilal  
Purchases journal

Date	Details	\$	\$

[4]

(b) Complete Bilal’s cash book on the page opposite. Balance the cash book and bring down the balances on 1 May 2020.

Bilal  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount Received	Cash	Bank
2020		\$	\$	\$	2020				
April 1	<i>Balance b/d</i>		160	1 960					

1 Dev owns a business selling furniture.

The following transactions took place during August 2020.

Transaction	Date	Details	\$
1	August 9	Sold goods on credit to Petra	675
2	14	Petra returned damaged goods to Dev	120
3	23	Banked cash sales	412
4	29	Petra settled her outstanding balance at 1 August by credit transfer after taking a cash discount of 5%	

On 1 August 2020, the balance on credit customer Petra’s sales ledger account was \$940 debit.

**REQUIRED**

(a) Complete the table to name **each** business document **and** book of prime entry for the following transactions in Dev’s accounting records.

Transaction	Business document	Book of prime entry
2		
3		
4		

[6]

(b) Prepare the account of Petra for August 2020 as it would appear in Dev’s sales ledger. Balance the account and bring down the balance on 1 September 2020.

Dev  
Petra account

Date	Details	\$	Date	Details	\$

[6]

(c) Identify the section of Dev’s statement of financial position at 31 August 2020 in which the balance on Petra’s account would appear.

..... [1]

Dev allows his credit customers a cash discount of 5% for prompt payment. He is considering reducing this to 2%.

**REQUIRED**

(d) State **one** advantage and **one** disadvantage to Dev of this proposal.

.....  
 .....  
 .....  
 ..... [2]

1 Sariah owns a business selling ladies' clothing. She maintains a system of double entry bookkeeping.

The following occurred during September 2020.

- 1 Purchased a motor vehicle on credit from Sharpe Motors \$6 350.
- 2 Ruhee, a credit customer, was declared bankrupt owing Sariah \$1 200. The debt is to be written off.

**REQUIRED**

(a) Prepare journal entries to record the above transactions. Narratives are **not** required.

Sariah  
Journal

Details	Debit \$	Credit \$

[4]

2 Eniola's financial year end is 31 July 2020. She provided the following information about the rent and rates of her business.

On 1 August 2019, she owed two months' rent totalling \$900. On the same date, rates of \$260 were prepaid up to 30 September 2019.

During the year ended 31 July 2020 the following payments were made by credit transfer.

2019		\$
August 1	Seven months' rent	3 150
October 1	Twelve months' rates	1 860
2020		
March 1	Six months' rent	2 700

**REQUIRED**

(d) Prepare the rent and rates account for the year ended 31 July 2020. Balance the account and bring down the balances on 1 August 2020.

Eniola  
Rent and rates account

Date	Details	\$	Date	Details	\$
2019			2019		
Aug 1	Balance (rates) b/d	260	Aug 1	Balance (rent) b/d	900

[6]

(e) Identify the sections of the statement of financial position at 31 July 2020 in which **each** of the balances on the rent and rates account would appear.

Rent .....

Rates ..... [2]

(f) (i) Name **one** accounting principle Eniola would apply when recording the rent and rates in her financial statements.

..... [1]

(ii) State how Eniola would apply the accounting principle named in (f)(i).

.....

..... [1]

Ahsan Zarif, FCS <PAF Chapter>

J-21/21

1 Rahat is a trader.

The following transactions took place in March 2021.

- March 3 Cash sales, \$580, were paid directly into Rahat's business bank account
- 6 Paid insurance, \$360, by direct debit
- 9 Paid \$196 to GH Limited by telephone transfer, having deducted 2% cash discount from the amount due
- 13 Paid \$75 cash for stationery
- 17 Cash sales, \$140
- 27 Sold old office equipment to Burgess, who paid \$50 by cheque in full settlement
- 30 Paid \$340 to Colin by cheque in full settlement of a debt of \$350

**REQUIRED**

- (a) Complete Rahat's cash book. Balance the cash book and bring down the balances on 1 April 2021.

Rahat  
Cash Book

Date	Details	Disc. Allow.	Cash	Bank	Date	Details	Disc. Recvd.	Cash	Bank
2021					2021				
Mar.1	Balance b/d		150		Mar.1	Balance b/d			1 980

[11]