

CHAPTER 9

CASH BOOK

❖ Subsidiary Book

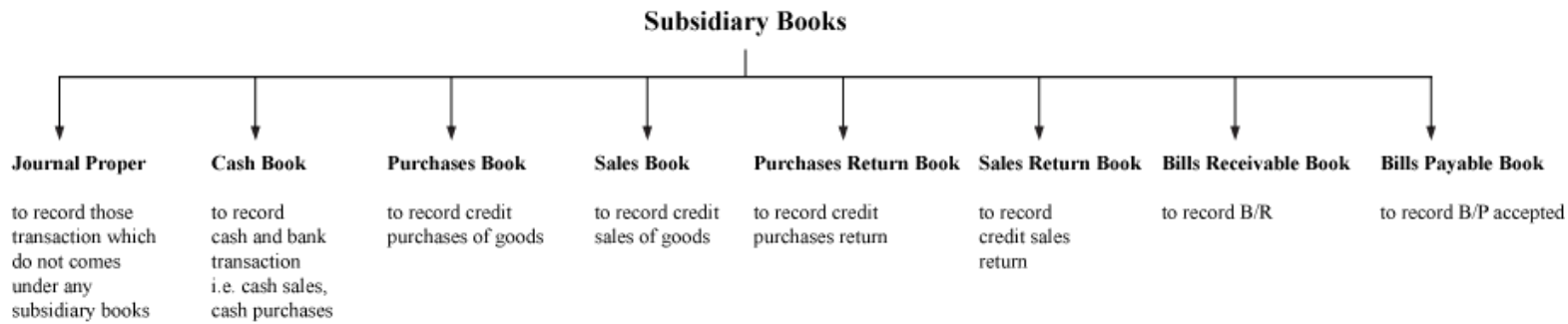
It is very difficult to record large number of transactions through Journal entries, so, Journal is sub-divided into special purpose books known as Subsidiary Books.

Important Subsidiary Books are:

- Cash Book
- Purchases Book
- Sales Book
- Purchases Return Book
- Sales Return Book
- Bills Receivable Book
- Bills Payable Book
- Journal Proper

❖ Advantages of Subsidiary Books

- Division of work among accountants and clerks.
- Improves efficiency of accountants and clerks.
- Time saving
- Retrieving information is quicker.
- Facilitates in locating and rectifying errors.
- Infuses higher degree of accountability and responsibility of the accountants for the particular Subsidiary Books assigned to them.



NOTE: Besides the above mentioned Subsidiary Books, many other books can be prepared for the credit-transactions that are of routine and repetitive nature like, Office Equipment Book, etc.

❖ **Cash Book – Book of Original Entry (Journal) and Principal Book (Ledger)**

Cash Book serves the purpose of Book of Original Entry as well as of Principal Book.

- ***Book of Original Entry*** – All cash transactions are recorded directly in the Cash Book, so no need to record them separately in the Journal. That is why, Cash Book serves the purpose of Book of Original Entry.
- ***Principal Book*** – There is no need to prepare Cash Account (ledger) separately and the closing balance of Cash Book is directly shown in the Trial Balance. That is why, Cash Book serves the purpose of Principal Book.

❖ **Meaning**

Cash Book is a Subsidiary Book that is prepared for recording all cash receipts and cash payments in the chronological order.

❖ **Simple Cash Book**

This Cash Book is prepared for recording cash receipts and cash payments in chronological order.

Simple Cash Book

Dr.

Cr.

Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
	Cash Receipts				Cash Payments		
					Balance c/d		

❖ Two Column Cash Book

This Cash Book consists of both the Cash column and the Bank column on either sides. All receipts and payments either in cash or through cheques are recorded in this Cash Book.

Cash Book

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