

Points to Remember

1. Cash in hand/opening balance of cash is shown in Dr. side of the Cash book as "To Balance b/d"
2. Only transactions of cash receipts and payments are recorded in this book.
3. This book never shows a credit balance because one can't pay more than the cash one have.

Cash Book with Cash and Bank Column

In this case the Cash Book is ruled with two amount columns on either side of the cash book namely, "Cash and Bank". Cash columns in such a case will record actual cash received in the debit side and payments in the credit side. Cheques received should be entered on the debit side. The payments by cheques should be entered on the credit side in bank column and also when cash is withdrawn from the bank.

Important Entries

Contra Entries : These entries affect cash and bank columns both at the same time. To indicate contra entry "C" is mentioned in the L.F. column of the cash Book. Following two cases result in Contra entries.

(a) Depositing cash into Bank Rs. 1,000 It will increase bank balance

(b) Withdrawn from Bank for office use Rs. 1,000. It will increase cash balance,