**SIGMA TERM**

**SCHEME OF WORKS**

**SUBJECT: BOOK-KEEPING CLASS: SS 1**

**TOPIC**

**1.** Revision.

**2.** Cash book

- Measuring of single column cash book.

- Items of single column cash book

**3.** Single column cash book

- Preparation of single column cash book.

**4.** Preparation of single column cash-book (continues)

**5.** Double column cash book

- Meaning of double column cash book.

- Items in double column cash book

**6.** Double column cash book

- Difference between single column cash book.

- Preparation of double column cash book.

**7.** Double column cash book.

- Preparation of double column cash book.

**8.** Contra Entry.

- Explain contra entry

- Identify contra entry

- Recording contra entry

**9.** Principle of Double entry.

- Meaning of Double entry

- Identify the account to be credited and debited.

**10.** Principle of Double entry.

- Posting of transaction from cash book to ledger.

- Rule of double entry.

**11.** Revision.

**12.** Examination

**WEEK ONE**

1.0. **Topic: Single Column cash book**

**INTRODUCTION**: This is the book for recording receipts and payments of money in cash or cheque.

**NOTE:** No credit transaction should be recorded in the cash book.

**CASH ACCOUNT:** This is the account which is used for recording money received and paid with cash. The balance is referred to as CASH IN HAND. All cash received must be debited while cash paid will be credited to the cash account.

**Illustration 1:**

Enter the following transactions in the cash account of Olaide

N

July 1 Cash in hand 1,500

July 3 Cash to Okola 250

July 5 Cash Sales 500

July 6 Cash purchases 700

July 7 Bought Stationery 50

July 9 Paid Insurance 30

July 10 Paid wages 25

July 12 cash sales 155

**SOLUTION**

**DR CASH ACCOUNT CR**

N N

July 1 bal. b/f 1,500 July 3 Okola 250

July 5 sales 500 July 6 Purchaser 750

July 12 sales 115 July 7 Stationery 50

July 9 Insurance 30

July 10 wages 25

Bal. c/d 1,010

**2,115 2,115**

**BANK ACCOUNT:** The bank account is a record of money deposited into the bank and money withdrawn from the bank. All cheques received must be debited while cheques issued out must be credited.

**Illustration 2:**

Enter the following transactions in the bank account of Ogundele.

N

June 1 Cash in hand 2,500

June 3 Paid to Okocha by cheque 650

June 5 Sold goods and received cheque 450

June 6 Received Cheque from Agali 230

June 7 Sent Cheque to Komolafe

June 9 Bought goods with cheque 300

**SOLUTION**

**DR BANK ACCOUNT CR**

N N

June 1 bal. b/f 2,500 July 3 Okocha 650

June 5 sales 450 July 6 Purchaser 750

June 6 sales 230 July 7 Stationery 50

July 9 Insurance 30

July 10 wages 25

Bal. b/d 1,910 Bal. c/d 1,010

**3,180 3,180**

**WEEK TWO**

**DOUBLE COLUMN CASH BOOK**

**Meaning:** The two column Cash book so-called because for both debit and credit entries, it has two columns, one for recording cash transactions and the other for bank transactions. It is therefore used for recording mixed cash and bank transaction.

**Accounting Entries**

All payments in cash are recorded by crediting the cash column of the cash book. If the payment is by cheque the bank column is credited.

When cash is withdrawn from the bank (e.g for paying wages and sundry expenses), the cash column is debited and the bank column is credited with the amount involved.

Example:

Record the following transactions in a two column cash book. Balance the cash book and bring down the balances of cash in hand and cash at bank at the end of the period.

19x9

April 2: Introduced N2,900 cash into the business as capital

April 4: Paid N1,850 of the capital into bank

April 10: Cash purchases N300

April 15: Cash sales N450

April 20: Purchases by cheque N700

April 25: Cash sales N650

April 28: Office expenses paid for in cash N30

April 29: Cash paid into bank N1,000

April 30: Wages paid by cheque N75.

**WEEK THREE**

**CONTRA ENTRY**

Contra is a latin word which shows that cash has been withdrawn from the office and deposited in the bank or withdrawals of cash from bank for office use.

It is an entry involving the payment of cash into the bank and is denoted by “C” in the folio column.

It may simply be defined as the transfer of an account to the identical side of another account.

**a. Payment of cash to bank.**

When too much cash is in the office, the whole or part of it can be paid into the bank.

**Effect Action Required**

Cash balance is decreased Cr. Cash column

Bank balance is increased Dr. Bank column

E.g: Jan. 1 cash balanced N300

Jan. 2 cash paid into the bank amounted to N710

Dr **Cash Book**  Cr

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Cash | Bank | Date | Particulars | Folio | Cash | Bank |
|  |  |  | N | N |  |  |  | N | N |
| Jan. 1 | Cash | C |  | 300 | Jan. 1 | Bank | C | 300 |  |
| Jan. 2 | Cash | C |  | 710 | Jan. 2 | Bank | C | 710 |  |

**Note:** “C” must be put on both sides to represent contra entry.

**b. Withdrawals from bank for office use.**

When there is no sufficient cash in the office to meet payments, cash can be withdrawn from bank. When this occurs, the effect and action will be started below.

**Effect Action Required**

Bank balance will decrease Cr. Bank column

Cash balance will increase Dr. Cash column

E.g: Jan. 4 withdrew cash N800 from bank for office use.

Dr Cr

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Cash | Bank | Date | Particulars | Folio | Cash | Bank |
|  |  |  | N | N |  |  |  | N | N |
| Jan. 4 | Bank | C | 800 |  | Jan. 4 | Cash | C |  | 800 |

**WEEK FOUR**

**PRINCIPLE OF DOUBLE ENTRY**

**Definition:** Double entry book keeping is the system of keeping account, which take advantages of the two-fold aspect of every transaction, whereby one account that receives is debited and another account, which gives, is credited.

The following simple rules of double entry should be fully understood and memorized.

a. for every credited entry in an account there must be a corresponding debit entry in another account.

b. For every debit entry in an account, there must be a corresponding credit entry in another account.

c. All transactions must be recorded in two accounts, one account is debited and another account credited.

**APPLICATION OF THE PRINCIPLES OF DOUBLE ENTRY**

1. Any transaction involves two accounts.

a. Receiving account or receiver.

b. Giving account or giver.

a. Dr. Receiving account With value it receives

b. Cr. Giving account With value it gives out.

Illustration: Complete the following table. Account to be.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Debited | Credited |
| i. | Start business with N800 cash | Cash | Capital |
| ii. | Goods sold on credit to Mr. Ayo | Ayo | Sales |
| iii. | We paid creditor Mr. Olu by cheque | Mr. Olu | Bank |
| iv. | Goods bought by cheque | Purchases | Bank |
| v. | Sold goods for cash | Cash | Sales |
| vi. | Goods were returned to Mr. Kufor | Kufor | Returns Outwards |
| vii. | Biodun lent us N80 cash | Cash | Loan (Biodun) |
| viii. | Took N20 of the cash and paid into the bank | Bank | Cash |
| ix. | Bought a motor van by cheque | Motor van | Bank |
| x. | Goods were returned to Olotu | Olotu | Returns Outwards |
| xi. | Paid further cash into the business as capital | Cash | Capital |

**POSTING OF TRANSACTIONS FROM CASH BOOK TO LEDGER**

**POSTING TO THE LEDGERS.**

Posting is the act of using one book as a means for entering the items to other accounts so as to complete double entry. When applying the principle of double entry, students are advised to write up the cash book first and then transfer to the ledgers.

Rules to be followed

1. All items on the debit side of the cash book must be transferred to the credit side of individual ledgers.

2. All items on the credit side of the cash book must be posted to the debit side of individual ledgers

Illustration:

Enter the following in a two column cash book. Balance off at the end of the month and post to all necessary ledgers.

June 1: Started business with cash N3,200

June 2: The following paid us by cheque, Okon N500 : Abbey N600

June 3: Cash sales paid directly into the bank N400

June 5: Paid rent by cash N180

June 6: We paid the following account by cheque; Sope N520 : Ladi N300

June 7: Withdrew cash from the bank for business use N70

June 8: Commission received by cheque N450

June 10: Banked cash N150

June 12: Withdrew cash from bank for personal use N30

June 15: Paid wages by cash N250

June 16: Bought motor van by cheque N20

June 18: Cash sales N1,000

June 20: Bought stationery paying by cash N170

June 22: Received N200 cheque from Okete

June 23: Cash purchases N550

June 24: Cash drawings N120

June 25: Bought goods by cheque N115

June 27: Yinka lend us N1,020 cash.

June 28: Paid motor expenses by cheque N18

June 30: The proprietor put further cash N1,320 into the business as capital.

**ASSIGNMENT**

1. Write up the two column cash book in simplified and amplified book-keeping and accounting page 56 revision question 5x.

Note: Post the entries from the prepared two column cash to all relevant ledger account

2. You are required to write up the accounts for the following transactions.

Jan. 1 Started business with N12,000 in the bank.

Jan. 2 Bought stationery on credit from Okete N200

Jan. 3 Bought goods on credit from Ogundele N3,000

Jan. 6 Paid rent in cash N30

Jan. 8 Sold goods on credit to Ajala N500

Jan. 12 We returned goods to Ogundele N150

Jan. 19 Paid wages in cash N30.