

Main points to remember

- 1 A cash book consists of a cash account and a bank account put together into one book.
- 2 Cash discounts are given to encourage people to pay their accounts within a stated time limit.
- 3 'Cash discount' is the name given for discount for quick payment even though in fact the payment may be made by cheque.
- 4 The discounts columns in the cash book make it easier to enter up the books. They act as a collection point for discounts allowed and discounts received, for which double entry is completed when the totals are transferred to the discounts accounts in the general ledger, usually at the end of the month.

Multiple-choice questions

Now attempt Set No 2 of multiple choice questions – see pp. 573–6.

Review questions

- 13.1** Write up a two-column cash book from the following details, and balance off as at the end of the month:

19X8

May	1	Started business with capital in cash £100.
	2	Paid rent by cash £10.
	3	F Lake lent us £500, paid by cheque.
	4	We paid B McKenzie by cheque £65.
	5	Cash sales £98.
	7	N Miller paid us by cheque £62.
	9	We paid B Burton in cash £22.
	11	Cash sales paid direct into the bank £53.
	15	G Moores paid us in cash £65.
	16	We took £50 out of the cash till and paid it into the bank account.
	19	We repaid F Lake £100 by cheque.
	22	Cash sales paid direct into the bank £66.
	26	Paid motor expenses by cheque £12.
	30	Withdrew £100 cash from the bank for business use.
	31	Paid wages in cash £97.

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- 13.2A** Write up a two-column cash book from the following:

19X9

Nov	1	Balance brought forward from last month: Cash £105; Bank £2,164.
"	2	Cash sales £605.
"	3	Took £500 out of the cash till and paid it into the bank.
"	4	J Matthews paid us by cheque £217.
"	5	We paid for postage stamps in cash £60.
"	6	Bought office equipment by cheque £189.
"	7	We paid J Lucas by cheque £50.
"	9	Received rates refund by cheque £72.
"	11	Withdrew £250 from the bank for business use.
"	12	Paid wages in cash £239.
"	14	Paid motor expenses by cheque £57.
"	16	L Levy lent us £200 in cash.
"	20	R Norman paid us by cheque £112.
"	28	We paid general expenses in cash £22.
"	30	Paid insurance by cheque £74.

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- 13.3** A three-column cash book is to be written up from the following details, balanced off, and the relevant discount accounts in the general ledger shown.

19X8

Mar	1	Balances brought forward: Cash £230; Bank £4,756.
"	2	The following paid their accounts by cheque, in each case deducting 5 per cent cash discounts: R Burton £140; E Taylor £220; R Harris £300.
"	4	Paid rent by cheque £120.
"	6	J Cotton lent us £1,000 paying by cheque.
"	8	We paid the following accounts by cheque in each case deducting a $2\frac{1}{2}$ per cent cash discount: N Black £360; P Towers £480; C Rowse £800.
"	10	Paid motor expenses in cash £44.
"	12	H Hankins pays his account of £77, by cheque £74, deducting £3 cash discount.
"	15	Paid wages in cash £160.
"	18	The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C Winston £260; R Wilson & Son £340; H Winter £460.
"	21	Cash withdrawn from the bank £350 for business use.
"	24	Cash Drawings £120.
"	25	Paid T Briers his account of £140, by cash £133, having deducted £7 cash discount.
"	29	Bought fixtures paying by cheque £650.
"	31	Received commission by cheque £88.