

QB365 Question Bank Software Study Materials

Subsidiary Books - II Important 2, 3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Accountancy

Total Marks : 75

2 Marks

10 x 2 = 20

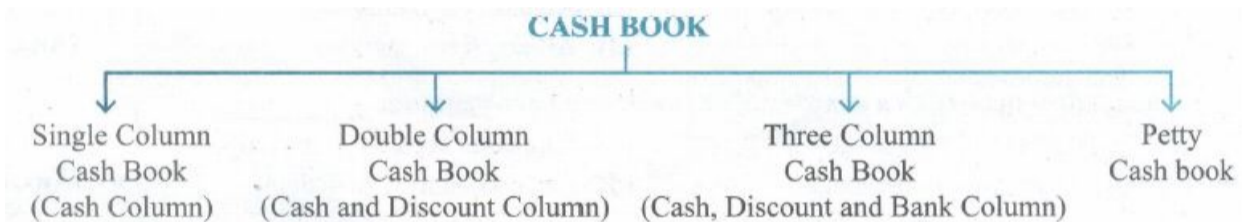
1) What is cash book?

Answer : (i) Cash book is the book in which only cash transactions are recorded. Cash receipts are recorded in the debit side while cash payments are recorded in the credit side.

(ii) The cash book is the book of original entry or prime entry.

2) What are the different types of cash book?

Answer : The various kinds of Cash book from the point of view of uses are as follows :



3) What is simple cash book?

Answer : (i) Single column cash book has only one amount column, i.e., cash column. Only cash transactions are recorded in this book.

(ii) All cash receipts and payments are recorded systematically in this book.

4) What is three column cash book?

Answer : (i) A three column cash book includes three amount columns on both sides, i.e., cash, discount and bank, This cash book is prepared in the same way as simple and double column cash books are prepared.

(ii) Opening balance, cash deposited into bank, cheque deposited in the bank appear in the bank column on the debit side of the three column cash book.

(iii) All the transactions which decrease bank balance are recorded in the bank column on the credit side

5) What is a petty cash book?

Answer : If all these small payments are recorded in the main cash book, it will be loaded with lot of entries. Hence, all petty payments of the business may be recorded in a separate book, which is called as "Petty Cash book"

6) Give the specimen of 'Three column Cash book'.

Answer :

Date	Receipts	L.F.	Amount			Date	Payments	L.F.	Amount		
			Discount (Rs)	Cash (Rs)	Bank (Rs)				Discount (Rs)	Cash (Rs)	Bank (Rs)

7) Cash book of NTPC Ltd, shows a payment called 'Travel expense'. However, this travel was a personal travel of the managing director with no relation to business. Identify the value being violated.

Answer : The value of honesty has been violated as only business expenses should be shown and personal expenses should not be shown.

8) What are the Importance & Advantages of cash book?

Answer : Importance & Advantages of cash book are as under

(i) Saves time and labour: When cash transactions are recorded in the journal a lot of time and labour will be involved. To avoid this all cash transactions are straight away recorded in the cash book which is in the form of a ledger.

(ii) To know cash and bank balance: It helps the proprietor to know the cash and bank balance at any point of time.

(iii) Mistakes and frauds can be prevented: Regular balancing of cash book reveals the balance of cash in hand. In cash the cash book is maintained by business concern, it can avoid frauds. Discrepancies if any, can be identified and rectified.

9) What could be the reason that Vetri maintains the cash book by himself?

Answer : He is a sole trader, he need not show the accounts to anybody else, he wants to know whether profit or loss for himself only. So he maintain cash book only.

10) What is sundries?

Answer : There are certain expenses which are not frequent for which separate columns are not provided comes under the head sundries.

3 Marks

10 x 3 = 30

11) Explain the meaning of imprest system of petty cash book.

Answer : (i) The amount given to the petty cashier in advance is known as "Imprest Money". The word imprest means payment in advance.

(ii) The word imprest means payment in advance.

(iii) The petty cashier makes payments from this amount and records them in petty cash book. At the end of a particular period the petty cashier submits the petty cash book to the head cashier.

(iv) The head cashier scrutinises the petty payments and issues a fresh cheque equal to the amount spent by petty cashier so that the total amount with the petty cashier is how equal to the amount he had received in the beginning as advance.

(v) Under the system the total cash with the petty cashier never exceeds the imprest and at any time during the period. This method thus provides an effective control over petty payments.

12) Bring out the differences between cash discount and trade discount.

Answer : Following are the difference between cash discount and trade discount.

S.No	Basic	Cash discount	Trade discount
1.	Time of allowance	Cash discount is allowed at the time of making payment	Trade discount is allowed when goods are sold or purchased
2.	Amount of Discount	Cash discount is related to time. The earlier the payment, the more will be cash discount	Trade discount is related to the amount of purchase or sale. The more the purchases the more will be the rate and amount of discount.
3.	Recording in books of Accounts	Cash discount is recorded in the cash books.	Trade discount is not recorded in the books of account.
4.	Deduction from Invoice value	Cash discount is not deducted from the invoice value of goods.	Trade discount is deducted from the invoice value price of goods
5.	Entry in Profit and Loss Account	It is shown in the profit and loss account.	Trade discount is not shown in profit and loss account.

13) Write the advantages of maintaining petty cash book?

Answer : Following are the advantages of maintaining petty cash book:

(i) There can be better control over petty payments.

(ii) There is saving of time of the main cashier.

(iii) Cash book is not loaded with many petty payments.

(iv) Posting of entries from main cash book and petty cash book is comparatively easy.

14) Write a brief note on accounting treatment of discount in cash book.

- Answer :** (i) Cash discount is an allowance for prompt and is based on Net Price List
(ii) An allowance given to customers is known as Discount Allowed and
(iii) An allowance made by creditors off the amount owing is called Discount Received.

Accounting treatment of discounts:

Company ABC's book have the following transactions relating to discounts:

2.03.2018 Received from Mr. ABC, Rs. 2,900

discount allowed from XYZ is Rs. 100

Accounting entry for discount allowed:

Debit: Bank A/c Dr. Rs. 2,900

Credit: Accounts Receivable Mr. ABC Rs. 3,000

Being discount allowed of 100 to customer Mr. ABC for prompt payment.

- 15) Briefly explain about contra entry with examples.

Answer : When the two accounts involved in a transaction are cash account and bank account, then both the aspects are entered in cash book itself. As both the debit and credit aspects of a transaction are recorded in the cash book, such entries are called contra entries.

Example:

(i) When cash is paid into bank, it is recorded in the bank column on the debit side and in the cash column on the credit side of the cash book.

(ii) When cash is drawn from bank for office use, it is entered in cash column on the debit side and in the bank column on the credit side of the cash book.

- 16) Enter the following transactions in a simple cash book of Kuna

2017		
Jan		Rs
1	Cash in hand	11,200
5	Received from ramesh	300
7	Pain Rent	30
8	Sold goods for cash	300
10	Paid mohan	700
27	Purchased furniture for cash	200
31	Paid salaries	100

Answer :

DATE	PARTICULARS	L.F	AMOUNT RS	DATE	PAYMENTS	L.F	AMOUNT RS
2017				2017			
Jan.1	To Balance b/d		11,200	Jan.7	By rent A/c		30
Jan.5	To Ramesh A/c		300	Jan.10	By Mohan A/c		700
Jan.8	To Sales A/c		300	Jan.27	by Furniture		200
				Jan.31	By Salaries A/c		100
				Jan.31	By Balance C/d		10,770
			11,800				11,800
Feb.1	To Balance B/d		10,770				

In the books of Kuna Cash Book (Single column)

- 17) Enter the following transactions in a single column cash cash book of Pradeep for April, 2017

APRIL	PARTICULARS	RS
1	Commenced Business with cash	27,000
5	Bought goods for cash	6,000
10	Goods sold for cash	11,000
13	Paid into bank	5,000
14	Goods sold to Sangeetha for cash	9,000
17	Goods purchased from Preethi on credit	13,000
21	Purchased stationery by cash	200
25	Paid Murugan by cash	14,000
26	Commission paid by cash	700
29	Drew from bank for office use	4,000
30	Rent paid by cheque	3,000

Answer :

Date	Receipts	L.F	Amount Rs.	Date	Payments	L.F	Amount Rs.
2017				2017			
Apr. 1	To Pradeep's capital Alc		27,000	Apr. 5	By Purchases Alc		6,000
10	To Sales Alc		11,000	13	By BankA/c		5,000
14	To Sales Alc		9,000	21	By Stationery Alc		200
29	To Bank Alc		4,000	25	By Murugan Alc		14,000
				26	By Commission A/c		700
				30	By Balance c/d		25,100
			51,000				51,000
May 1	To Balance B/d		25,100				

In the books of Kunal Cash Book (Single column)

18) What are the importance of cash book?

Answer : Importance of cash book is discussed below:

(i) Serves as both journal and ledger: When cash book is maintained; it is not necessary to open a separate cash account in the ledger. Thus, cash book serves the purpose of a journal and a ledger.

(ii) Saves time and labour: When cash transactions are recorded through journal entries, a lot of time and labour will be involved. To avoid this, all cash transactions are straightaway recorded in the cash book, which saves time and labour.

(iii) Shows the cash and bank balance: It helps to know the cash and bank balance at any point of time by comparing the total cash receipts and cash payments.

(iv) Benefit of division of labour: As cash book is a separate subsidiary book, an independent person can maintain it. Hence, the business can get the benefit of division of labour.

19) Explain the types of petty cash books?

Answer : (i) **Simple petty cash book:**

(a) A simple petty cash book resembles the single column cash book. But the ruling is different.

(b) On the debit side, only one amount will be recorded which is the advance received from the head cashier.

(c) On the credit side, all payments are recorded in only one column. This is known as simple petty cash book.

(ii) Analytical petty cash book:

(a) In analytical petty cash book, a separate column is provided for different heads of payments and one column for total payments.

(b) When the petty expenses are recorded in the total payment column, the same amount is also recorded in the appropriate expense column. This is known as Analytical petty cash book.

20) Write notes on posting the petty cash book.

Answer : Posting of entries in the petty cash account:

(i) When petty cash is advanced at the beginning:

A separate petty cash account is opened in the ledger. When advance is received by the petty cashier, petty cash account will be debited and cash account will be credited.

(ii) When individual expenses column are periodically totalled. The total of various petty expenses are debited and the petty cash account is credited with the total of the payments made.

The petty cash account will show the balance of cash. This balance will be shown in the balance sheet as part of cash balance.

5 Marks

5 x 5 = 25

21) Record the following transactions in the three column cash book of John

	PARTICULARS	RS.
2017 Dec 1	Cash balance brought forward	12,600
1	Bank overdraft brought forward	36,000
1	Advance paid to petty cashier by cheque	3,000
5	Goods sold for cash	12,000
7	Dividend on shares collected by the banker	1,000
13	Cash paid into Bank	10,000
14	Interest charged by the bank for bank overdraft	1,500
18	Cheque issued to Siddique	8,000
	Discount received from him	200
24	Insurance claim received by cheque and deposited into bank	17,000
28	Cash received from Baskar	15,000
	Discount allowed to him	150
31	Deposited into Bank all cash excess of Rs.18,600	

Answer :

DATE	RECEIPTS	R.N.	L.F.	AMOUNT			DATE	PAYMENTS	V.N.	L.F.	AMOUNT		
				DISCOUNT ALLOWED	CASH	BANK					DISCOUNT RECEIVED	CASH(RS.)	BANK
2017	To Balance				12,600		2017	By Balance					36,000
Dec 1	b/d						Dec 1	b/d					
5	To Sales A/c				12,000			By Petty cashier					3,000
7	To Dividend on Shares					1,000		By Bank A/c	'C'		10,000		
13	To Cash A/c		'C'			10,000		By Bank charges					1,500
24	To Insurance claim A/c					17,000		By Siddique		200			8,000
28	To Baskar			150	15,000			By Bank A/c			11,000		
31	To Cash A/c		'C'			11,000		By Balance c/d			18,600		
31	To Balance c/d					9,500							
				150	39,600	48,500				200	39,600	48,500	
Jan 1	To Balance b/d				18,600		2018	To Balance b/d					9,500

22) Prepare analytical petty cash book from the following particulars under imprest system:

		RS
2017 July 1	Received advance form cashier	2,000
7	Paid for writing pads and registers	100
8	Purchased white paepers	50
10	Paid auto charges	200
15	Paid wages	300
18	Postal charges	100
21	Purchased stationery	450
23	Tea expenses	60
25	Paid for speed post	150
27	Refreshment expenses	250
31	Paid for carriage	150

Answer :

RECEIPTS (RS)	C.B.F.N.	DATE	PARTICULARS	V.N.	TOTAL PAYMENT (RS)	PRINTING & STATIONERY (RS)	CONVEYANCE (RS)	WAGES (RS)	POSTAGE AND TELEGRAMS (RS)	CARRIAGE (RS)	SU. (RS)
2,000		2017 July	To Cash								
		1	By Writing pads and registers		100	100					
		7	By White papers		50	50					
		8	By Auto charges		200		200				
		10	By Wages		300			300			
		15	By Postal charges		100				100		
		18	By Stationery		450	450					
		21	By Tea expenses		60						
		23	By Speed Post		150				150		
		25	By Refreshment Expenses		250						
		27	By Carriage		150					150	
		31			1,810	600	200	300	250	150	
		31	By Balance c/d		190						
2,000					2,000						
190		Aug 1	To Balance b/d								
1810			To Cash								

Analytical Petty Cash Book

Dr.

Analysis of Payments

Cr.

23) Prepare analytical Petty Cash book of Mr. Mohan from the following particulars under Imprest System.

2017		Rs.
April		
1	Balance on hand	250
1	Cash received from Chief Cashier	1,050
7	Paid for writing pads and registers	100
12	Paid for speed post	125
16	Refreshment expenses	250
30	Paid to Amutha on account	350

Answer :

RECEIPTS	C.B.F.N	DATE	PARTICULARS	V.N	TOTAL PAYMENT	PRINITING & STATIONERY RS.	POSTAGE & TELEGRAMS RS.	SUNDRY EXPENSES RS.	L.F	PERSONAL ACCOUNTS RS.
250		2017	To Balance							
		Apr 1	b/d							
1,050		1	To Cash A/c							
		7	By Writing pads and registers		100	100				
		12	By Speed post		125		125			
		16	By Refreshment expenses		250			250		
		30	By Amutha A/c		350					350
					825	100	125	250		350
		30	By Balance old		475					
1,300					1,300					
475		May	To Balance							
		1	b/d							
825		1	To Cash A/C							

Analytical Petty Cash Book, Analysis of Payments

24) Enter the following transactions in Jayamani's petty cash book with analytical columns under imprest system.

		Rs
2017		
Feb		
1	Balance on hand	250
1	Cash received from the chief cashier	2,250
3	Purchased stationery	240
6	Sent documents to Head Office by registered post	210
12	Carriage paid	400
18	Tea expenses	130
22	Repairs to computer	600
23	Paid to kumar	300

Answer :

RECEIPTS(RS)	C.B.F.N	DATE	PARTICULARS	V.N.	TOTAL PAYMENT (RS)	POSTAGE AND TELEGRAMS(RS)	PRINTING AND STATIONARY (RS)	CARRIAGE (RS)	REPAIRS
250	2017		To Balance						
	Feb 1		b/d						
2,250	1		To Cash A/c						
	3		By Stationery		240		240		
	6		By Registered post		210	210			
	12		By Carriage		400			400	
	18		By Tea expenses		130				
	22		By Repairs computer		600				
	23		By Kumar A/c		300				
					1,880	210	240	400	600
	28		By Balance c/d		620				
2500					2500				
620	Mar 1		To Balance c/d						
1,880			To Cash A/c						

Analytical Petty cash book
Analysis of Payments

25) Enter the following transaction in the Three Column Cash Book of Mr. Albert.

2012, MAY		RS.
1	Cash in hand Rs.30,000 and Cash at bank	2,000
.3	Received cheque for goods sold to Arun and banked it	1,000
5	Paid into bank	4,000
9	Paid cash to David from whom goods worth Rs.6,000 were purchased for credit on 1st May on term 2% cash discount within two weeks.	
10	Paid to Robert by cheque Rs.2,400 in full settlement of his account of	2,500
12	Received cash from Nathan Rs.4,750. Discount allowed	250
19	Interest allowed by bank	200
20	Robert to whom we have issued a cheque has reported that our cheque is dishonoured.	
22	Roshan got exchange a five hundred rupee note.	
31	Paid into bank all cash in excess of	5,000

Answer :

DATE	PARTICULARS	R.N.	L.F.	AMOUNT RS.			DATE	PARTICULARS	V.N.	L.F.	AMOUNTS		
				DISCOUNT ALLOWED	CASH RS.	BANK RS.					DISCOUNT RECEIVED	CASH RS.	BANK RS.
1.5.12	To Balance b/d				30,000	2,000	5.5.12	By Bank A/c		C		4000	
3.5.12	To Arun A/c					1,000	9.5.12	By David A/c			120	5,880	
5.5.12	To Cash A/c		C			4,000	10.5.12	By Robert A/c			100		2,400
12.5.12	To Nathan A/c			250	4,750		31.5.12	By Bank A/c		C		19,870	
19.5.12	To Interest received A/c					200	31.5.12	By Balance c/d				5,000	27,070
20.5.12	To Robert A/c					2,400							
31.5.12	To Cash A/c		C			19,870							
				250	34,750	29,470					220	34,750	29,470
1.6.12	To Balance b/d				5,000	27,070							

Dr.

Three Column Cash book of Mr.Albert

Cr.