

Cash Book  
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- A cash book is a financial journal that contains all cash receipts and disbursements, including bank deposits and withdrawals. Entries in the cash book are then posted into the general ledger.
- A cash book is a subsidiary to the general ledger in which all cash transactions during a period are recorded.
- The cash book is recorded in chronological order, and the balance is updated and verified on a continuous basis.
- There are three common types of cash books: single column, double column, and triple column.



- A cash book is set up as a subsidiary to the general ledger in which all cash transactions made during an accounting period are recorded in chronological order. Larger organizations usually divide the cash book into two parts: the cash disbursement journal which records all cash payments, and the cash receipts journal, which records all cash received into the business.
- The cash disbursement journal would include items such as payments made to vendors to reduce accounts payable, and the cash receipts journal would include items such as payments made by customers on



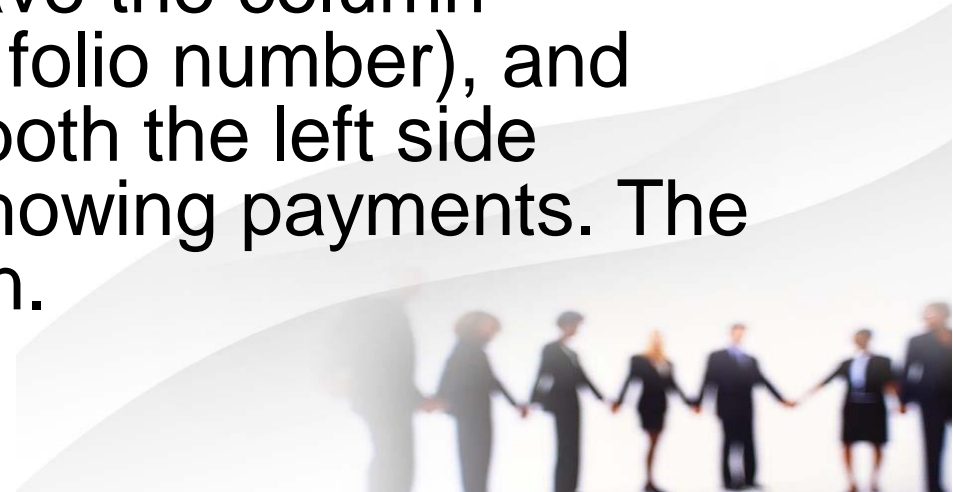
## Cash Book vs. Cash Account

- A cash book and a cash account differ in a few ways. A cash book is a separate ledger in which cash transactions are recorded, whereas a cash account is an account within a general ledger. A cash book serves the purpose of both the journal and ledger, whereas a cash account is structured like a ledger. Details or narration about the source or use of funds are required in a cash book but not in a cash account.
- There are numerous reasons why a business might



- Mistakes can be detected easily through verification, and entries are kept up-to-date since the balance is verified daily. With cash accounts, balances are commonly reconciled at the end of the month after the issuance of the monthly bank statement.
- All transactions in the cash book have two sides: debit and credit. All cash receipts are recorded on the left-hand side as a debit, and all cash payments are recorded by date on the right-hand side as a credit. The difference between the left and right sides shows the balance of cash on hand, which should be a net debit balance if cash

- The cash book is set up in columns. There are three common versions of the cash book: single column, double column, and triple column. The single-column cash book shows only receipts and payments of cash. The double-column cash book shows cash receipts and payments as well as details about bank transactions. The triple column cash book shows all of the above plus information about purchase or sales discounts.
- A typical single column cash book will have the column headers: date, description, reference (or folio number), and amount. These headers are present for both the left side showing receipts and for the right side showing payments. The date column is the date of the transaction.



- Because the cash book is updated continuously, it will be in chronological order by the transaction. In the description column, the accountant writes a short description or narration of the transaction. In the reference or ledger folio column, the accountant inputs the account number for the related general ledger account. The amount of the transaction is recorded in the final column.

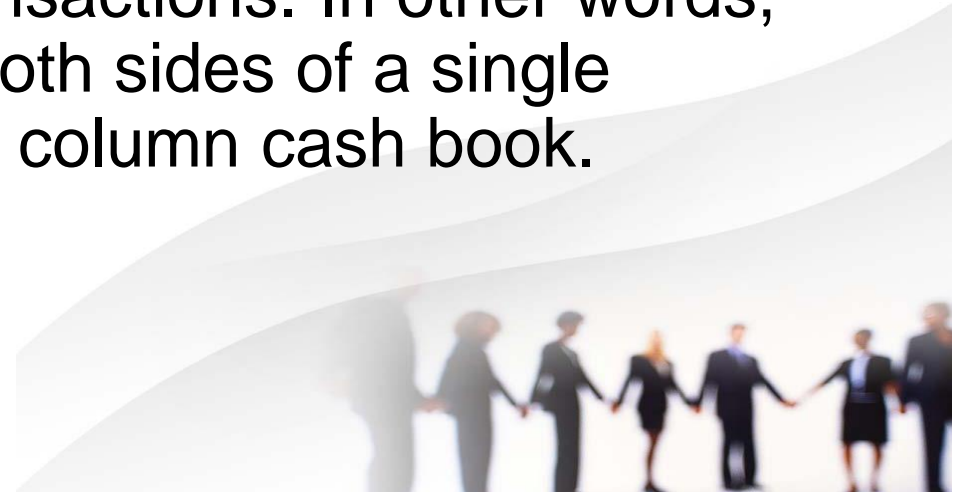


- Types of cash book
- There are four major types of cash book that companies usually maintain to account for their cash flows. These are given below:
- A single column cash book to record only cash transactions.
- A double/two column cash book to record cash as well as bank transactions.
- A triple/three column cash book to record cash, bank and purchase discount and sales discount.
- A petty cash book to record small day to day cash expenditures.





- The single column cash book (also known as simple cash book) is a cash book that is used to record only cash transactions of a business. It is very identical to a traditional cash account in which all cash receipts are recorded on left hand (debit) side and all cash payments are recorded on right hand (credit) side in a chronological order.
- The double column cash book (also known as two column cash book) has two money columns on both debit and credit sides – one to record cash transactions and one to record bank transactions. In other words, we can say that if we add a bank column to both sides of a single column cash book, it would become a double column cash book.



- The triple column cash book (also referred to as three column cash book) is the most exhaustive form of cash book which has three money columns on both receipt (Dr) and payment (Cr) sides to record transactions involving cash, bank and discounts. A triple column cash book is usually maintained by large firms which make and receive payments in cash as well as by bank and which frequently receive and allow cash discounts.
- Petty cash book is a type of cash book that is used to record minor regular expenditures such as office teas, bus fares, fuel, newspapers, cleaning, pins, and casual labor etc. These small expenditures are usually paid using coins and currency notes rather than checks. The person responsible for spending petty cash and recording it in a petty cash book is known as petty cashier.



- The chief cashier (also known as head or main cashier) bears the heavy responsibility of maintaining company's general cash book in which receipts and payments amounting to hundreds or even thousands of dollars are recorded by him every day. He, therefore, usually delegates the responsibility for handling small day to day cash transactions to a bookkeeper, receptionist or some other reliable staff member. Like a general cash book, a petty cash book has a debit and a credit side. All receipts are recorded on the debit side and all payments are recorded on the credit side of petty cash book by the petty