

Cash Book: Meaning &Types

Dr. Sukhpreet Kaur Chawla
Assistant Professor
Commerce Department
Durga Mahavidyalya

A Cash Book is an Original Entry (or Prime Entry) book in which all cash and bank transactions are documented chronologically. When the business is small, it is easy to record every transaction in a single book called a 'Journal'. Journal is also known as the book of original entry. But gradually when the business expands, it becomes inconvenient to record such a large number of transactions in a single book. As a result, a separate book is required for recording cash transactions. It is known as a 'Cash Journal' or a 'Cash Book'.

The main features of Cash Book are as follows:

1)All cash receipts are transferred to the debit side of the Cash Book, while payments are recorded on the credit side.

2) The balance of cash in hand and at the bank is calculated by subtracting total payments from total receipts.

As a result, Cash Book allows the business to know the balance of cash in hand and at the bank at any time of the year.

3)In cash book, only cash and bank transactions are documented and no credit transactions are recorded.

It functions as both a journal and a ledger at the same time.

Types of Cash Book:

1. Simple Cash Book or Single Column Cash Book

2. Double Column or Two Column Cash Book

3. Petty Cash Book

1. Simple Cash Book or Single Column Cash Book:

The format of a Simple Cash Book is similar to an ledger account, with one amount column on each side. The left-hand side of the cash book is called Debit Side and it records cash receipts and the right-hand side of the cash book is called Credit side and it records cash payments.

Columns of a Simple Cash Book :

1. Date: This column contains the date, month, and year of the transaction.
2. Particulars: This column contains the name of the account for which cash has been received or paid.
3. Journal Folio (J.F.): This column keeps track of the journal page number where the posting of this amount has been made.
4. Amount: This column records the actual amount of cash receipts on the Dr. side, while cash payments are recorded on the Cr. side.

Here, Debit side represents the receipts side and Credit side represents the payments side.

2. Double Column or Two column Cash Book:

For a Double Column or Two Column Cash Book, there are two columns to record amount on both sides. One column is to record transactions related to cash, and another column records transactions related to banks. So, one is the cash column and the other is the bank column. A two-column cash book is prepared when both cash and bank transactions happen in the business.

Columns of a Double Column Cash Book represent:

1. Date: This column contains the date, month, and year of the transaction.
2. Particulars: This column contains the name of the account for which cash has been received or paid.
3. Journal Folio (J.F.): This column keeps track of the journal page number where the posting of this amount has been made.

4. Cash: This column records the actual amount of cash receipts on the Dr. side, while cash payments are recorded on the Cr. side.

5. Bank: This column records the amount received through the bank on the Dr. side, while payments made through the bank are recorded on the Cr. side.

3. Petty Cash Book:

The term "petty" is taken from the French word "petit," which means "small." In every sort of business, a number of small payments are done on a regular basis, such as transportation, refreshments, cartage, postage, stationery, and so on.

If the main cashier records all these petty payments in the main Cash Book, he will be more burdened with the work and the Cash Book will also become voluminous.

Petty Cashiers are assigned the task of making small payments and recording them in a separate book called "Petty Cash Book."

Following is the explanation of the columns of a Simple Petty Cash Book:

1. Amount Received: The cash received from the main cashier is recorded in this column. It also contains the opening balance of petty cash.

2. Cash Book Folio: This column keeps track of the page number in the main Cash Book where all the payments to the petty cashier are shown.

3. Date: This column records the date on which cash has been received from the main cashier and all the petty expenses paid.

4. Particulars: Details of cash collected from the main cashier, payment of petty expense, and opening and closing balances are shown in this column using words like 'to' and 'by'.

5. V.No.: This column contains the serial number of the voucher that certifies the payment of cash in regard to petty expenses.

6. Amount Paid: The amount spent for petty expenses is recorded in this column.

