

CASH BOOK

Qno.1: Hashim, a sole trader uses Three-Column Cash Book. On March 1, 1991, he had cash on hand Rs. 25,000 and cash in Bank Rs. 52,000. During the month of March 1991, he completed the following transactions:

- March 03: Purchase Merchandise for Rs. 5,300 and issued a cheque for the amount.
- March 06: Cash sales deposited into Bank Rs. 6,000.
- March 08: Purchased office supplies for cash Rs. 200.
- March 10: Received a cheque for Rs. 4,900 from Mubarak in full settlement of his account of Rs. 5,000 and deposited the cheque into Bank.
- March 15: Sold merchandise for cash Rs. 2,500.
- March 18: Withdrew cash for personal use Rs. 2,000.
- March 20: Issued cheque for Rs. 2,450 to Ahmad in full settlement of his account of Rs. 2,500.
- March 24: Withdrew from Bank Rs. 5,000 for office use.
- March 27: Merchandise purchased for cash Rs. 3,000.
- March 30: Salary paid by cheque Rs. 3,500.

Required:

- (a) Enter the opening balances on March 1, and record the transactions in the Cash Book.
- (b) Close it and bring down cash and bank balances on April 1, 1991.

Qno.2: On April 1, 2003 Mr. Inam has the balances of cash on hand and at bank Rs.25,000 and Rs.50,000 respectively. He completed the following transactions during the month:

April 02: Purchased furniture for cash Rs.7,000.

April 03: Cash sales Rs.5,000 of which Rs.2,000 was deposited into bank.

April 08: Purchased merchandise worth Rs.9,000 giving Rs.4,000 cash and the balance by cheque.

April 09: Bought office supplies cash Rs.1,000.

April 11: Sold merchandise worth Rs.4,000.

April 13: Paid to supplier by cheque Rs.6,000 in full settlement of his account of Rs.6,200.

April 16: Deposited cash into bank Rs.9,000.

April 19: Advice received from bank that a customer had deposited Rs.4,000 direct into the bank.

April 21: Withdrew from bank Rs.1,500 for personal use.

April 22: Received cash Rs.6,585 from Mr. Solangi in full settlement of Rs.6,700.

April 23: Paid salaries Rs.8,000 cash.

April 26: Paid rent for the month by cheque Rs.4,000.

Required:

- i) Record the above transactions in three-column cash book.

Qno.3: On July 1, 2012, Orient Traders has cash in hand Rs.24,800 and the balance on HBL account Rs.36,980. The following are the selected transactions during July 2012 relating to the business:

July 03: Sold merchandise on cash Rs.12,000.

July 09: Opened a current account of business in MCB with cash Rs.10,000.

July 18: Received cheque for Rs.20,000 from a customer. The cheque was deposited in HBL on the same day.

July 21: Purchased merchandise for Rs.18,400 and issued a cheque from the cheque book of HBL Rs.13,400.

July 27: Issued a cheque of MCB Rs.5,000 to petty cashier for establishing petty cash fund.

July 30: Transferred Rs.15,000 from HBL to MCB account.

Required:

Record the above transaction in cash book showing separate bank accounts.

Qno.4: The following transactions for the month ending 31 January 2021 of H. Ahmed:

January

1. Balance of cash — Rs.40,000
Balance at bank (overdraft) — Rs.100,000
2. Received for cash sales — Rs.60,000
3. Received a cheque for Rs.15,000 from A. Bashir, deposited in the bank, and allowed him Rs.1,000 discount and settled his account of Rs.16,000
4. M. Ali settled his account of Rs.18,000, after a discount of Rs.3,000. He made his payment by cheque which was deposited in the bank
5. Paid creditor, M. Yousuf, Rs.12,500 by cheque and received a discount of Rs.500 for full settlement of his account Rs.13,000
6. Paid cheque into bank received earlier — Rs.30,000
7. Paid wages by cash — Rs.11,000
8. Draw cash for personal use of proprietor — Rs.1,000
9. Draw from bank for office use — Rs.4,000

Required:

1. Enter the opening balances on January 1, 2021, and record the transactions in the three-columns cash book.
2. Balance the cash book on Jan. 31, 2021, close it and bring down cash and bank balances on February 1, 2021.
3. Set-up T-Accounts for Sales Discount and Purchase Discount and post the totals of discount columns of cash book (Sales discount A/c No. is 564 and purchase discount A/c No. is 397).