

**Important Topics Exposition:**

*[The important information of this chapter has been provided here at a glance.]*

1. Need for proper management of the business and management logistics – cash money
2. The driving force of business – cash money / cash capital
3. The primary book of calculation is one of the branches of journal – cash book
4. Despite being the primary book (Journal), it works like a main book / secondary book (Ledger) – cash book
5. Receipt and payment are consistent with the calculation – cash book
6. It is possible to maintain full control over cash funds – through the cash book
7. Paying debt helps to know the amount of debt payment and regular cost – through cash book
8. One-time cash books are always published – debit quote
9. Contra entry is – reverse filing
10. Cash and bank accounts are affected at the same time – in contra entry or reverse filing
11. Reverse filing written in – double or three column cash book
12. Product is used to purchase or spend – debit voucher
13. It is written in three column cash book – cash discount
14. The seller sells the product to the buyer for quick money – cash discount
15. Discounted cash is considered – as buyer's income
16. The buyer or seller does not keep an account – business discount
17. Contents are written on the debit side of the three-column cash book – discount paid
18. Contents are written on the credit side of the three-column cash book – discount received
19. In addition to cash and bank transactions, the payment of debt is made through the settlement discount – three column cash book
20. The discount that is available when the creditor pays the loan – discount received
21. Payment of the discount when paying the debtor – discount paid
22. The bank is recorded in the adjustment statement and the bank statement – bank related transactions
23. Full details of the bank account of the depositor – bank statement

**MCQs for Self-Assessment:**

1. Which is the operating power of business?  
a) Goodwill  
b) Cash  
c) Debtors  
d) Stock
2. Paid Tk. 1600 to Topu for final settlement of Tk. 2,000. Which account is affected by the remaining Tk. 400?  
a) Revenue  
b) Expense  
c) Asset  
d) Liability
3. Which is essential to operate for the business?  
a) Capital  
b) Furniture  
c) Goodwill  
d) Cash

**[Considering the following information, answer the question no. 4 & 5.]**

the accountant of Moon Traders records all the transactions related to the settlement of payable receivables of the business in the same book of accounts and makes balance from that. But the accountant of Sun Traders recorded the same transactions in special journals.

4. Which one is the mentioned book of accounts of Moon Traders?
  - a) Double column cash book
  - b) Triple column cash book
  - c) General journal
  - d) Subsidiary journal
5. To determine the cash balance Sun Traders will have to prepare –
  - i) Single column cash book
  - ii) Cash receipt and cash payment journal
  - iii) Cash accountWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
6. Transactions relating to the bank is posted –
  - i) In bank reconciliation statement
  - ii) In bank statement
  - iii) In cash bookWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
7. The following will be recorded in cash receipt journal –
  - i) bringing extra capital
  - ii) old furniture sales
  - iii) Bank interestWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
8. The contra entry will be –
  - i) if gotten bearer cheque is handed over to the 3<sup>rd</sup> party
  - ii) if money is withdrawn from bank
  - iii) if paid cheque is rejectedWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
9. The reason for differences between the balance of bank statement and the bank column of cash book are –
  - i) cheque, deposited into bank has been dishonored
  - ii) interest allowed by bank not recorded in cash book
  - iii) issued cheque to creditor which submitted into bankWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
10. As a result of preparation of bank reconciliation statement is possible –
  - i) ending of error
  - iv) discover of error
  - v) faithfulness of third partyWhich one is correct?
  - a) i & ii
  - b) ii & iii
  - c) i & iii
  - d) i, ii & iii
11. If the balance of a bank statement and the bank balance of a cash book may not be equal, which one is to be prepared?
  - a) Bank statement
  - b) Double column cash book
  - c) Bank reconciliation statement
  - d) Financial statement
12. Which one will be recorded in cash receipt journal?
  - a) Bank charge
  - b) Interest on bank overdraft
  - c) Withdrawn from bank
  - d) Interest allowed by bank

13. If liabilities are paid by cheque, where will it be recorded in treble column cash book?
- In cash column of debit side
  - In cash column of credit side
  - In bank column of credit side
  - In bank column of debit side
14. How many columns are there in cash receipt journal?
- 6
  - 7
  - 8
  - 9
15. Interest credited on bank account, which a/c will be written in bank column of the debit side of cash book?
- Interest a/c
  - Bank interest allowed a/c
  - Bank interest a/c
  - Interest allowed a/c
16. Which discount is included in treble column in cash book?
- Purchase discount
  - Cash discount
  - Sales discount
  - Trade discount
17. What is always shown by single column cash book?
- Debit balance
  - Credit balance
  - Business profit
  - Business loss

### CQs for Self-assessment:

1. Kamal is a businessman. On 1<sup>st</sup> January 2018, the following transaction are occurred in his business: -

January-01	Started business with Tk.90,000.
January-02	Sold goods Tk.50,000 (In cash 70%).
January-03	Received from Jamal Tk.9800 and discount allowed Tk.700
January-05	Calculator purchase for office Tk.3000.
January-08	Return outward Tk. 2000.
January-10	Sold furniture Tk.6000.
January-15	Depreciation on furniture Tk.4000.
January-18	Rent paid Tk.10,000.
January-20	Paid to Akil Tk.29,000 in full settlement of his claim Tk.30,000.
January-25	Drawings Tk.5000 from bank by owner.
January-31	Salary due Tk.14,000.

#### Requirement:

- Show the journal entries for Non cash transactions.
  - Prepare a cash receipt journal.
  - Prepare a cash payment journal.
2. On January 2017 the following transactions occurred in Mr. Kishor Business: -

January-01	Cash balance Tk.30,000 and bank overdraft Tk.25,000.
January-03	Goods purchase from Jahir Traders Tk.10,000 allowing 5% discount.
January-05	Tk.1500 taken by the owner from business.
January-10	Paid to Shoeb Tk.8600 in full settlement of his claim Tk.9000.
January-15	Goods purchased by cheque Tk.7000.
January-20	Salary paid to employees Tk.4000.
January-25	Owner brought furniture Tk.13,000 for business with own money.
January-28	Received from Shumon Tk.3850 and discount paid Tk.150.
January-29	Paid to Jahir Traders Tk.9350 in full settlement of his claim Tk. 9500.

#### Requirement:

- Determine the amount of cash discount from the above transaction.
- Give the journal entries of those transactions that will not be included in cash book.
- Prepare a cash payment journal.