

## 25. CASH BOOK

*The topic entails:*

- **Explaining meaning of cash book and the types of transactions recorded in the cash book.**
- **Discussing the purpose of a cash book**
- **Types of cash book when used and format**
- **Explain the concept contra-entry.**
- **Preparation of the various types of cash books.**

1. The following cash book relates to Baraka enterprises

| Date   | Details  | Cash   | Bank   | Date | Details  | Cash   | Bank   |
|--------|----------|--------|--------|------|----------|--------|--------|
| 2004   |          |        |        | 2004 |          |        |        |
| Jan 1  | Bal. b/d | 10,000 |        | Jan  | Bal b/d  |        | 15,000 |
| Jan 10 | Sales    | 18,500 |        | 1    | Bank     | 12,000 |        |
| Jan 15 | Cash     |        | 12,000 |      | Jebet    | 6,000  |        |
|        | Bal. c/d |        | 3,000  | Jan  | Bal. c/d | 10,500 |        |
|        |          | 28,500 | 15,000 | 15   |          | 28,500 | 15,000 |
|        |          |        |        | Jan  |          |        |        |
|        |          |        |        | 20   |          |        |        |

2. State the transactions that took place on the above cashbook on the following dates

Jan 1  
Jan 10  
Jan 15  
Jan 20

3. Identify **four** uses of the cash book.

4. The following transactions took place in the business of Kiprono during the first week of Jan.

2003

**Jan 1<sup>st</sup>** Balance brought down  
Cash = Kshs12,000.00  
Bank= Kshs.35,000

**Jan 2<sup>nd</sup>** Sold an old piece of furniture for Kshs.8,000 cash

**Jan 3<sup>rd</sup>** Cash sales Kshs.10,000 paid directly to the bank

**Jan 4<sup>th</sup>** Purchased goods worth Kshs.20,000 , paid Kshs.5,000 cash and the balance to be paid later

**Jan 5<sup>th</sup>** Kiprono took cash Kshs.1,500 for personal use

**Jan 6<sup>th</sup>** Bought goods worth Kshs.15,000 paying partly by cheque Kshs.10,000 and

the balance in cash

**Required: Prepare Kiprono's two column cash book for the month of January and balance it of**

5. The following transactions relate to Kabelo Traders for the month of Dec. 2004.

**2<sup>nd</sup> Dec** cash sales shs.30,000

**8<sup>th</sup> Dec.** Banked shs.15,000

**10<sup>th</sup> Dec.** withdrew shs.10,000 from bank for office use

***Prepare a cash book***

6. Ondiko Traders had Kshs. 100000 cash in hand and Kshs.243000 cash at bank during the month

of March 2008. The following transactions took place in that month:

March 3 – paid rent Kshs.5000 cash

March 11- cash sales Kshs.14000

March 14-purchased equipment worth Kshs. 37000 paying by cheque

March 20- Deposited shs. 30000 into bank from cash till

March 31- Took Kshs. 10000 cash for personal use

**Prepare Ondiko traders' two- column cash book for March 2008**

7. Record the following transactions in a double column cash book of JABER traders and balance

it off as at 12<sup>th</sup> June 2009:-

**June 1:** Balances : Cash shs.5500

Bank shs.18000 (Cr)

**June 3:** Purchases shs.4500 was made being paid by cheque shs.4000, balance later

**June 7:** Sold goods for cash shs.6000

**June 12:** took shs.7000 to bank

**June 13:** Credit purchases from Ombogo shs.3000

**June 14:** paid Alweny shs.1000 cash

8. State the meaning of the following terms as used in a cash book:

a) Contra- entry

b) Folio column

9. The following information was obtained from Laban traders during the month of February 2010

**Feb. 4:** goods returned by Otange traders amounted to kshs. 4 000, credit note no.214

**8:** Akamba traders returned goods worth kshs. 15 000 and was issued with credit note no.316

**15:** received goods worth ksh.6,000 from punch line traders. Credit note 510

**28:** goods returned by Viva traders' kshs. 9 600. Credit note no. 440

**Prepare the relevant journal for Laban traders**

10. Omondi had the following transaction in the year ending 30<sup>th</sup> June 2008:-

|  | <b>Shs</b> |
|--|------------|
| Debtors as at 1 <sup>st</sup> July 2007  | 113 000    |
| Cash received from debtors in the year   | 651 500    |
| Debtors as at 30 <sup>th</sup> June 2008 | 138 500    |
| Bad debts in the year                    | 1 700      |
| Discounts allowed in the year            | 2 600      |
| Cash sales                               | 800 000    |

Calculate the total sales for the year

11. Give **three** documents from which information entered in cash receipts and cash payments

Journals may be obtained

12. The following information was available for the year 2009:-

| 2009   | Accrued rent | Prepaid rent |
|--------|--------------|--------------|
| Jan 1  | Shs.20,000   | Shs.40,000   |
| Dec 31 | Shs.36,000   | Shs.3400     |

Rent expense paid in the course of the year amounted to shs.121,200.

**Prepare the rent account and show the amount charged to profit and loss account**

## **25. -CASH BOOK**

1. On March 2007, Doris had cash in hand shs.87,000 and cash at bank shs.25,000. During this

month, the following transactions took place:

**March 2<sup>nd</sup>** : Cash sales shs.60,000

**3<sup>rd</sup>**: Paid salaries shs.101,500 by cheque

7<sup>th</sup> : Received a cheque of shs.76,000 from Henry after allowing a cash discount of 5%

13<sup>th</sup>: Bought office furniture by cheque shs.86,000

17<sup>th</sup>: Settle marital account for shs.34,200 in cash having deducted shs.8,000 cash discount

20<sup>th</sup>: Received a cheque for shs.165,000 in respect for cash sales

22<sup>nd</sup>: Paid wages shs.25,000 in cash

24<sup>th</sup>: Withdrew shs.32,000 for bank for office use

25<sup>th</sup> : Withdrew shs.4,000 cash for personal use

29<sup>th</sup>: Received shs.17,000 cash form Alvin in settlement of his account less shs.1000 cash discount

31<sup>st</sup> : Deposited all the money into the bank except shs.24,600

**Required: Prepare a three column cash book duly balanced**

2. Enter the following transactions in the petty cash book of Makavale stores for the month of

July 2009 using the following analysis columns: Telephone and postage; office

stationery, traveling expenses and office expenses. The business operates the petty cash book

on an imprest system of 4000/= replenished on weekly basis

July 1<sup>st</sup> – received a cheque from the cashier to start the imprest

1<sup>st</sup> – paid for taxi hire 250/= and 130/= for office cleaning

2<sup>nd</sup> – bought postage stamps for 210/= and a ball of string for use in the office 100/=

3<sup>rd</sup> – postage of a parcel cost 100/= and paid a telephone bill 900/=

4<sup>th</sup> – purchased envelopes for 150/= and one ream of photocopying paper 500/=

5<sup>th</sup> – paid for bus fare 500/= and made a telephone call costing 50/=

6<sup>th</sup> – purchased a window cleaning cream for 250/= and bus fare 200/=

8<sup>th</sup> – Received a cheque to replenish the imprest

8<sup>th</sup> – bought various office stationary for 400/=

9<sup>th</sup> – purchased postage stamps for 210/= and paid 950/ telephone bill

10<sup>th</sup> – paid train fare 600/= and taxi fare 250/=

11<sup>th</sup> – paid for office cleaning 150/=

12<sup>th</sup> – purchased two reams of writing paper 600/= and office dusters 300/=

14<sup>th</sup> – obtained a cheque from the cashier to replenish the imprest

**Required:.** *Prepare the petty cash book for the two weeks*

3. Mumji Enterprises maintain a petty cash book on an imprest system with weekly float of Kshs.40,000.

The following information relates to the week ended 7<sup>th</sup> June 2009:-

1<sup>st</sup> cash in hand was Ksh.7000

1<sup>st</sup> receives reimbursement from the chief cashier

1<sup>st</sup> paid wages Ksh.5500, bus fare Ksh.1250, Sugar sh.220 and stamps shs.150

2<sup>nd</sup> Bought stationery Ksh.5000

3<sup>rd</sup> Paid postage shs.200

4<sup>th</sup> Bought tea leaves shs.80 and shs.2000 for type writer repair

5<sup>th</sup> Bought coffee shs.340 and milk shs.800

7<sup>th</sup> Bought a ribbon for type writer shs.500, stencils shs.350 and bus fare shs.900

**Required:** - Prepare a petty cash book duly balanced on 7<sup>th</sup> June with the following columns.

Traveling, Wages, Stationary, Postage, tea and miscellaneous

4. The following transactions relate to Furaha traders for the month of July,2008

**July 1 :** Balance brought down cash sh.16,250 and Bank Shs.19,847

**July2 :** Sold goods worth Shs.1,348 to Patel and received a calculator in exchange

**July 5 :** Paid transport by cheque Shs.2,000

**July 6 :** Issued a cheque to Kerio Traders setting an invoice for Shs.10,000 deducting 2%

cash discount

**July 10:** Transfer Shs.15 000 from cash till to bank

**July 12:** Sold goods for cash Shs.12,000 less 2% cash discount

**July 13:** Sold goods to Onyango on credit worth Shs.15, 000

**July 14:** The owner of the business withdrew Shs.3000 in cash to buy a present for his

daughter

**July 16 :** Received a cheque from Kuria Shs.2,500 less 5 % cash discount

**July 22 :** Bought furniture from Babu Traders on credit worth Shs.16,500 and cash

discount of 10% if payment is made within 2 weeks

**July 24:** Withdrew cash from bank for office use Shs8,000

**July 26:** The owner brought into the business Shs.9,000 cash

**July 27:** Issued a cheque to Babu Traders for amount due

**July 28:** Sold goods to Kuria worth Shs.5,000 for Shs.3,800 and received payment by

cheque

**July 30:** Banked all cash and remained with Shs.100 in the cash till

**Required; Prepare Furaha Traders three column cash book for the month of July, 2008**

5. During the month of March 2010 the petty cashier of Nyangija distributors made the following payment after receiving an imprest of shs12, 000 from the general cashier.

|                                      |      |
|--------------------------------------|------|
| <b>March 3</b> traveling             | 3500 |
| <b>March 6</b> office expenses       | 1000 |
| <b>March 8</b> postage               | 1200 |
| <b>March 15</b> staff tea            | 800  |
| <b>March 19</b> stationery           | 2000 |
| <b>March 22</b> office expenses      | 800  |
| <b>March 24</b> staff tea            | 1000 |
| <b>March 26</b> sundry expenses      | 700  |
| <b>March 31</b> F. Benson a creditor | 900  |

**Required** : Using the analytical columns below prepare a petty cash book of Nyangija distributors

- Traveling
- Office expenses
- Postage
- Stationery
- Staff tea
- Sundry expenses
- Ledger accounts

6. A petty cashier of Mugirango traders operates his petty cash book on an imprest system

of sh. 2500. On 1 February 2009, he had cash in hand of Sh. 500 and was reimbursed the

difference by the main cashier to restore his cash float. The following transactions took

place during the same month of February 2009:

- Feb 2nd** paid taxi fare sh.150 and wages sh250  
**4th** Bought five reams of paper for sh25 each and stamps for sh.30  
**7th** Paid wages sh.250 and bought envelopes for sh.40  
**20th** Bought tea for staff sh.70 and paid for water bills sh.56  
**28th** Paid for electricity sh.80 and stamps sh.40

**Required:** Prepare a petty cash book using the following analysis columns;

- Wages
- Traveling
- Stationery
- Postage
- Miscellaneous