

## Subsidiary Books in Accounting

Subsidiary books, also known as books of original entry, are the primary accounting records where business transactions are first recorded. These books are used to simplify and organize the accounting process by categorizing transactions into different types. The main types of subsidiary books are:

1. **Cash Book:** Records all cash transactions, including receipts and payments.
2. **Purchases Book:** Records all credit purchases of goods meant for resale.
3. **Sales Book:** Records all credit sales of goods.
4. **Purchase Returns Book (Returns Outwards Book):** Records the return of goods purchased on credit.
5. **Sales Returns Book (Returns Inwards Book):** Records the return of goods sold on credit.
6. **Journal Proper:** Records miscellaneous transactions that do not fit into any other subsidiary books, such as opening entries, closing entries, adjustments, and corrections.

### Cash Book: Meaning, Definition, and Importance

#### Meaning and Definition

A **cash book** is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. It is a ledger in which transactions involving cash are recorded. It serves the purpose of both a journal and a ledger. The cash book is regularly updated and serves as the primary source of information regarding the cash and bank balance of an organization.

#### Importance of Cash Book

1. **Accuracy:** Since every cash transaction is recorded as soon as it occurs, the chances of errors are minimized, ensuring accurate records.
2. **Control:** Helps in controlling cash by providing a detailed record of all cash inflows and outflows.
3. **Planning and Budgeting:** Assists in cash management and financial planning by providing real-time data on cash balances.
4. **Audit Trail:** Provides a clear audit trail for cash transactions, making it easier for auditors to verify financial statements.
5. **Reconciliation:** Facilitates bank reconciliation by keeping track of all bank-related transactions.
6. **Decision Making:** Helps management make informed decisions based on the accurate and updated cash position of the business.

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**Difference between Cash Account and Cash Book**

Basis	Cash Account	Cash Book
Definition	Ledger account for cash transactions.	Journal recording all cash receipts and payments.
Function	Acts as a ledger.	Acts as both journal and ledger.
Record Keeping	Part of the ledger system.	Primary book of entry for cash transactions.
Structure	Simple, without detailed columns.	Single, double, or triple column format.
Posting	Transactions posted from journals.	Transactions recorded directly.
Balancing	Balanced periodically.	Balanced daily.
Usage	Summarizes cash transactions.	Tracks every cash transaction as it occurs.
Reconciliation	Used with other ledger accounts.	Eases reconciliation with bank statements.
Audit Trail	Provides limited details.	Provides clear and detailed audit trail.

**Types of Cash Book**

**1. Single Column Cash Book**

**Definition:** A single column cash book is used to record only cash transactions, i.e., cash receipts and cash payments.

**Format:**

Date	Particulars (Receipt)	VNo	LF	Amount (₹)	Date	Particulars (Payment)	VNo	LF	Amount (₹)
YYYY-MM-DD	[Transaction Details]	[123]	[101]	XX,XXX	YYYY-MM-DD	[Transaction Details]	[124]	[102]	XX,XXX
YYYY-MM-DD	[Transaction Details]	[125]	[103]	XX,XXX	YYYY-MM-DD	[Transaction Details]	[126]	[104]	XX,XXX

**Explanation:**

- Date: The date of the transaction.
- Particulars (Receipt/Payment): Description of cash inflow or outflow.
- VNo (Voucher Number): Reference to the voucher/document supporting the transaction.
- LF (Ledger Folio): Page number in the ledger where the transaction is posted.

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- Amount: Amount of cash received or paid.

**2. Double Column Cash Book**

**Definition:** A double column cash book records both cash and bank transactions. It has two columns on each side: one for cash and one for bank transactions.

**Format:**

Date	Particulars (Receipt)	VNo	LF	Cash (₹)	Bank (₹)	Date	Particulars (Payment)	VNo	LF	Cash (₹)	Bank (₹)
YYYY-MM-DD	[Transaction Details]	[101]	[201]	XX,XXX	XX,XXX	YYYY-MM-DD	[Transaction Details]	[102]	[301]	XX,XXX	XX,XXX
YYYY-MM-DD	[Transaction Details]	[103]	[202]	XX,XXX	XX,XXX	YYYY-MM-DD	[Transaction Details]	[104]	[302]	XX,XXX	XX,XXX

**Explanation:**

- Date: The transaction date.
- Particulars (Receipt/Payment): Description of cash inflow or outflow.
- VNo (Voucher Number): Reference to the voucher/document for the transaction.
- LF (Ledger Folio): Page number in the ledger where the transaction is recorded.
- Cash (₹): Amount of cash received or paid.
- Bank (₹): Amount of bank deposit or withdrawal.

**3. Petty Cash Book**

**Definition:** A petty cash book is used to record small and repetitive expenses like stationery, postage, and other minor expenses.

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**Form of Petty Cash Book**

Dr.				Cr.		Analysis of Payments					
Am- ount Recei- ved	Cash Book Folio	Date	Particulars	Vou- cher No.	Total Pay- ments	Pos- tage	Tele- phone and Tele- gram	Conve- yance	Statio- nery	Misce- llane- ous Expen- ses	Re- marks
Rs.					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	

**Explanation:**

- **Date:** The date of the transaction.
- **Particulars:** Description of the transaction.
- **L.F.:** Ledger Folio, which is a reference to the ledger account.
- **V.No.:** Voucher number for the transaction.
- **Total:** Total amount of the petty expense.
- **Postage, Stationery, Conveyance, Misc.:** Specific columns for common petty expenses.

**Usage of Cash Book:**

- The **single column cash book** is used by small businesses with simple cash transactions.
- The **double column cash book** is for businesses that deal with both cash and bank transactions.
- The **petty cash book** is maintained to control and record small daily expenses.

