

Double Cash Book

A Double Cash Book, used in accounting, records both cash and bank transactions in separate columns within a single book. This helps businesses track their cash and bank balances more effectively and manage cash flows. Here are the key points for maintaining a Double Cash Book:

1. Understanding the Structure

- **Cash Book:** Contains two main sections—one for cash transactions and one for bank transactions.
- **Columns:** Typically includes columns for Date, Particulars, V.No (Voucher Number), LF (Ledger Folio), and Amount, with separate columns for Cash and Bank transactions.

2. Recording Transactions

- **Cash Transactions:**
 - **Debit Side:** Cash receipts (e.g., cash sales, received from debtors).
 - **Credit Side:** Cash payments (e.g., payments to creditors, expenses paid in cash).
- **Bank Transactions:**
 - **Debit Side:** Bank receipts (e.g., deposits into the bank, loans received).
 - **Credit Side:** Bank payments (e.g., payments made from the bank, bank charges).

3. Key Points for Cash Transactions

- **Cash Receipts:**
 - Record all inflows of cash.
 - Include transactions such as cash sales, receipts from debtors, and any other cash inflows.
 - Update the Cash Debit column accordingly.
- **Cash Payments:**
 - Record all outflows of cash.
 - Include payments such as rent, salaries, and purchases made in cash.
 - Update the Cash Credit column accordingly.

4. Key Points for Bank Transactions

- **Bank Receipts:**
 - Record all deposits and inflows into the bank account.
 - Include transactions such as collections from debtors deposited into the bank or loans received.



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- Update the Bank Debit column accordingly.
- **Bank Payments:**
 - Record all outflows and payments made from the bank account.
 - Include transactions such as payments to creditors, bank charges, or other expenses paid via bank transfer.
 - Update the Bank Credit column accordingly.

5. Balancing the Cash Book

- **Cash Column Balancing:**
 - At the end of the period, calculate the total of the Cash Debit and Cash Credit columns.
 - Determine the closing balance by subtracting the total credits from the total debits.
 - Record the closing balance as a carried forward amount to the next period.
- **Bank Column Balancing:**
 - At the end of the period, calculate the total of the Bank Debit and Bank Credit columns.
 - Determine the closing balance by subtracting the total credits from the total debits.
 - Record the closing balance as a carried forward amount to the next period.

Solved Question on Double Cash Book

Question: On April 1, 2023, ABC Ltd. maintained a Double Cash Book to record its transactions. The following transactions occurred during April 2023:

1. April 1: Opening balance: Cash ₹10,000; Bank ₹15,000
2. April 5: Cash sales ₹5,000
3. April 7: Paid rent ₹2,000 in cash
4. April 10: Received bank loan ₹10,000
5. April 12: Paid supplier ₹1,500 by bank transfer
6. April 15: Sold goods and deposited ₹4,000 into the bank
7. April 20: Paid salaries ₹3,000 in cash
8. April 25: Purchased office equipment ₹8,000, paid ₹4,000 in cash and the balance through bank transfer
9. April 30: Received a payment from a debtor ₹2,500 in cash and ₹1,500 in the bank

Prepare the Double Cash Book for ABC Ltd. for April 2023.

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Solution:

Double Column Cash Book of ABC Ltd.											
Date	Particulars	V. No.	LF	Cash (₹)	Bank (₹)	Date	Particulars	V. No.	LF	Cash (₹)	Bank (₹)
1-Apr	To Balance b/d			10,000	15,000	7-Apr	By Rent A/c			2,000	
5-Apr	To Sales A/c			5,000		12-Apr	By Supplier A/c				1,500
10-Apr	To Bank Loan A/c				10,000	20-Apr	By Salaries A/c			3,000	
15-Apr	To Sales A/c				4,000	25-Apr	By Office Equipment A/c			4,000	4,000
30-Apr	To Debtor A/c			2,500	1,500	30-Apr	By Balance c/d			8,500	25,000
				17,500	30,500					17,500	30,500
1-May	To Balance b/d			8,500	25,000						

Explanation:

- **Debit Side:**
 - **Date:** When the transaction occurred.
 - **Particulars (Debit):** Description of the transaction related to cash receipts or bank deposits.
 - **V.R. No:** Voucher or receipt number.
 - **L.F:** Ledger Folio number.
 - **Cash (Dr):** Amount received in cash.
 - **Bank (Dr):** Amount deposited into the bank account.
- **Credit Side:**
 - **Particulars (Credit):** Description of the transaction related to cash payments or bank withdrawals.
 - **V.R. No:** Voucher or receipt number.
 - **L.F:** Ledger Folio number.
 - **Cash (Cr):** Amount paid out in cash.
 - **Bank (Cr):** Amount withdrawn from the bank account or paid from the bank account.

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Assignment on Double Cash Book

Question 1: On June 1, 2023, Company ABC started with a cash balance of ₹15,000 and a bank balance of ₹50,000. During June, the following transactions occurred:

- June 5: Sold goods for ₹20,000 in cash.
- June 10: Paid ₹12,000 for office supplies in cash.
- June 15: Received ₹18,000 from a debtor, deposited ₹10,000 in the bank, and kept ₹8,000 in cash.
- June 20: Paid ₹15,000 for rent by cheque.
- June 25: Purchased equipment for ₹25,000, paid ₹10,000 in cash and the rest by cheque.
- June 30: Withdrew ₹5,000 from the bank for petty cash.

Prepare the double cash book for Company ABC for June 2023.

Question 2: XYZ Ltd. has the following transactions for July 2023:

- July 2: Deposited ₹25,000 into the bank.
- July 5: Paid ₹7,000 for utilities from the bank.
- July 10: Sold goods worth ₹30,000, receiving ₹20,000 in cash and depositing ₹10,000 in the bank.
- July 15: Purchased raw materials worth ₹15,000, paying ₹5,000 in cash and the rest by cheque.
- July 20: Paid salaries amounting to ₹12,000 by cheque.
- July 25: Received ₹5,000 from a debtor in cash.

Record these transactions in the double cash book.

Question 3: The transactions for November 2023 are as follows:

- November 1: Cash balance ₹8,000; Bank balance ₹30,000.
- November 3: Paid ₹6,000 for repairs in cash.
- November 7: Received ₹25,000 from sales, depositing ₹15,000 in the bank and keeping ₹10,000 in cash.
- November 12: Purchased inventory for ₹40,000, paying ₹20,000 in cash and the balance through the bank.
- November 18: Paid ₹5,000 for advertisement from the bank.
- November 25: Paid ₹8,000 for office rent in cash.

Show the double cash book for November 2023.

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Question 4: Company PQR had the following transactions during the month of March 2024:

1. March 1: Opening cash balance ₹25,000; Bank balance ₹70,000.
2. March 4: Purchased goods worth ₹18,000, paying ₹8,000 in cash and the rest by cheque.
3. March 8: Received ₹40,000 from a customer, depositing ₹25,000 in the bank and keeping ₹15,000 in cash.
4. March 12: Paid ₹12,000 for rent, ₹6,000 in cash and the rest by cheque.
5. March 16: Sold goods worth ₹35,000, receiving ₹20,000 in cash and depositing ₹15,000 in the bank.
6. March 20: Paid ₹7,000 for office supplies by cheque.
7. March 25: Received ₹10,000 from a debtor in cash.
8. March 30: Paid ₹5,000 for utilities, ₹2,000 in cash and ₹3,000 from the bank.

Prepare the double cash book for Company PQR for March 2024.

Question 5: For the month of July 2024, the following transactions were recorded for ABC Enterprises:

1. July 1: Cash balance ₹18,000; Bank balance ₹90,000.
2. July 4: Purchased office furniture for ₹45,000, paying ₹15,000 in cash and the balance by cheque.
3. July 10: Received ₹25,000 from sales, depositing ₹15,000 in the bank and keeping ₹10,000 in cash.
4. July 15: Paid ₹10,000 for insurance, ₹5,000 in cash and the rest by cheque.
5. July 20: Sold goods worth ₹60,000, receiving ₹30,000 in cash and depositing ₹30,000 in the bank.
6. July 22: Paid ₹8,000 for repairs from the bank.
7. July 28: Received ₹7,000 from a debtor in cash.
8. July 30: Withdrew ₹6,000 from the bank for petty cash.

Record these transactions in the double cash book for ABC Enterprises for July 2024.