

## 11th Standard Accountancy

### CHAPTER 4

#### RECORDING OF TRANSACTIONS – II

##### ❖ **Subsidiary Book**

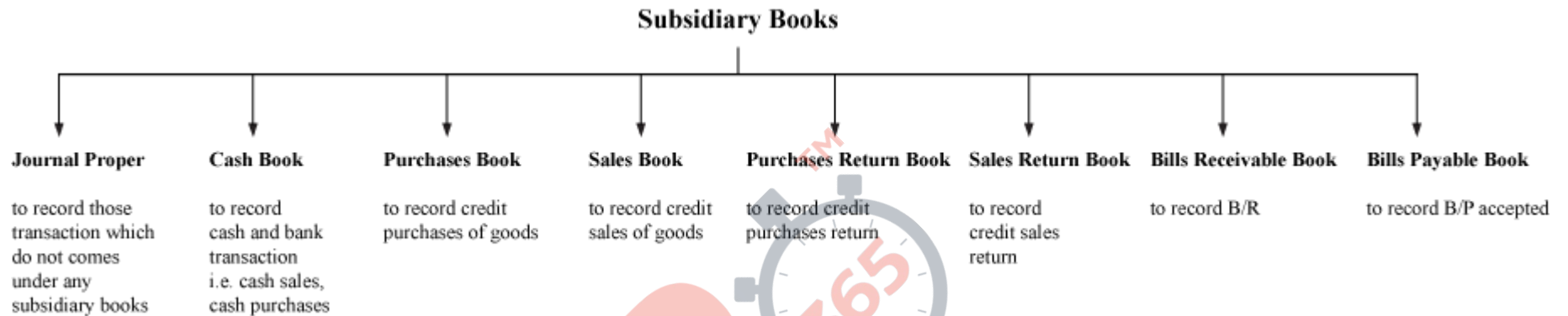
It is very difficult to record large number of transactions through Journal entries, so, Journal is sub-divided into special purpose books known as Subsidiary Books. Important Subsidiary Books are:

- Cash Book
- Purchases Book
- Sales Book
- Purchases Return Book
- Sales Return Book
- Bills Receivable Book
- Bills Payable Book
- Journal Proper

##### ❖ **Advantages of Subsidiary Books**

- Division of work among accountants and clerks.
- Improves efficiency of accountants and clerks.
- Time saving
- Retrieving information is quicker.
- Facilitates in locating and rectifying errors.

- Infuses higher degree of accountability and responsibility of the accountants for the particular Subsidiary Books assigned to them.



**NOTE:** Besides the above mentioned Subsidiary Books, many other books can be prepared for the credit-transactions that are of routine and repetitive nature like, Office Equipment Book, etc.

❖ **Cash Book – Book of Original Entry (Journal) and Principal Book (Ledger)**

Cash Book serves the purpose of Book of Original Entry as well as of Principal Book.

- **Book of Original Entry** – All cash transactions are recorded directly in the Cash Book, so no need to record them separately in the Journal. That is why, Cash Book serves the purpose of Book of Original Entry.
- **Principal Book** – There is no need to prepare Cash Account (ledger) separately and the closing balance of Cash Book is directly shown in the Trial Balance. That is why, Cash Book serves the purpose of Principal Book.

❖ **Meaning**

Cash Book is a Subsidiary Book that is prepared for recording all cash receipts and cash payments in the chronological order.

❖ **Simple Cash Book**

This Cash Book is prepared for recording cash receipts and cash payments in chronological order.

**Simple Cash Book**

**Dr.**

**Cr.**

Date	Particulars	L.F.	Amount Rs	Date	Particulars	L.F.	Amount Rs
	Cash Receipts				Cash Payments		
					Balance c/d		

❖ **Two Column Cash Book**

This Cash Book consists of both the Cash column and the Bank column on either sides. All receipts and payments either in cash or through cheques are recorded in this Cash Book.

**Cash Book**

**Dr.**

**Cr.**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
	Receipt of Cash		—			Payment in Cash		—	
	Receipt in Bank			—		Payment through Bank			—

❖ **Purchases Book**

Purchases book is prepared to record credit purchases of goods and raw materials that are used in the production of goods and services with the sole motive of sale in the ordinary course of the business.

**Purchases Book**

Date	Particulars (Name of suppliers to be credited)	L.F.	Invoice	Details Rs	Amount Rs

❖ **Purchases Return Book**

This book is prepared to record return of goods to the suppliers (from whom the goods were purchased).

**Purchases Return Book**

Date	Particulars (Name of suppliers to be debited)	L.F.	Debit Note No.	Details Rs	Amount Rs

❖ **Sales Book**

This book is prepared to record the credit sales of goods.

**Sales Book**

<b>Date</b>	<b>Particulars (Name of customer to be debited)</b>	<b>L.F.</b>	<b>Invoice No.</b>	<b>Details Rs</b>	<b>Amount Rs</b>

❖ **Sales Return Book**

This book is prepared to record return of goods from the customers to whom the business had sold goods on credit.

**Sales Return Book**

<b>Date</b>	<b>Particulars (Name of customer to be credited)</b>	<b>L.F.</b>	<b>Credit Note No.</b>	<b>Details Rs</b>	<b>Amount Rs</b>

❖ **Journal Proper**

This book is prepared to record those transactions (left out transactions) for which the special purpose books are not prepared.

The following transactions are recorded in the Journal Proper:

- Opening entries
- Adjustment entries
- Rectification entries
- Transfer entries
- Other entries which are not mentioned in the above four

❖ **Bills Receivable Book**

This book is prepared to record the details of bills of exchange or Promissory Note *received* from the *debtors* (to whom the goods are sold on credit).

❖ **Bills Payable Book**

This book is prepared to record the details of bills of exchange *accepted* or Promissory note *made* to the *creditors* (from whom the goods are purchased on credit).