

Cash Books

- Cash book is used to record the bookkeeping transactions which involve the receipts and payment of money.
- The cash book interrelates with the double- entry bookkeeping system.
- Handling cash and money in the bank is crucial for all businesses as it may lead to a shortage of money, causing expenses to not be paid as they are due.
- **Most businesses use the cash book to monitor variables such as:**
 - Receipts and payments in cash, cheque and bank transfer.
- The cash book is a combination of two roles:
 - Book of prime entry (for cash and bank transactions)
 - Double entry bookkeeping (using double entry system for cash and bank accounts).
- **The cash book is used for cash transactions and must have:**
 - All receipts in cash
 - most payments for cash (except low-value expense payments)
- Bank transactions
 - All receipts and payments by cheque and bank transfer
- **The cashier is in charge of the:**
 - Records, receipts and payments by cash, cheque and bank transfer.
 - Makes cash payments, and prepares cheques and bank transfer payments for signature and authorisation.
 - pays cash and cheques into the bank.
 - Checks the accuracy of the cash and bank balances at regular intervals.
- **Layout of the cash books:**
 - The debit side is used for receipts
 - The credit side is used for payments
 - On both debit and credit sides there are separate money columns for cash receipts/payments and bank receipts/payments
 - A third money column is used for recording cash discounts
 - The discount column
 - The reference column is used to cross reference to the other entry in the ledger system.
- The cash book records receipts (debits) and payments (credits) both in cash (other than low expense payments) and by cheque.
- In the discount columns are recorded discounts: discounts allowed (to customers) on the debit side, and discounts received (from suppliers) on the payments side.
- **Banking terms commonly used are:**
 - Direct debits,
 - Credit transfer.
 - Dishonoured cheques.
 - Debit card transactions.
 - Direct bank transfers.
 - Bank cheques.
 - Standing orders.