

# **Petty Cash Book**

**The imprest system** is a form of financial accounting system. The most common *imprest system* is the *petty cash system*. The base characteristic of an *imprest system* is that a fixed amount is reserved, which after a certain period of time or when circumstances require, because money was spent, it will be replenished.

**The advantages of using the Imprest system** are **versatility, accountability**, practicality, limitation of theft, **ease** of use and limitation of expenditure. The system is a form of managing petty cash in a business. Using Imprest, the petty cash of a company is kept at a constant rate.

## **Reasons (advantages) for maintaining Petty Cashbook**

- ✓ Reduce the number of entries in the main cash book
- ✓ Removes the small cash payments from the main cash book
- ✓ Reduces the number of entries in the ledger
- ✓ Allows the chief cashier to delegate some of the work
- ✓ Provides training for junior staff members

**State why the bank statement balance is on the opposite side to that shown in the cash book.**

The bank statement is a copy of the account of the business as it appears in the books of the bank / the bank statement is prepared from the viewpoint of the bank **(1)**

The bank account in the cash book is prepared from the viewpoint of the business **(1)**

**State why it is not possible to have a credit balance in the cash column of cash book.**

It is not possible to take out more cash than is in the cash box

**Reasons for preparing a bank reconciliation statement.**

- ✓ Obtain the correct bank balance
- ✓ Identify errors in the bank account
- ✓ Identify errors on the bank statement
- ✓ Assist in discovering fraud and embezzlement
- ✓ Identify cheques not credited by the bank
- ✓ Identify cheques not presented
- ✓ Identify any stale cheques
- ✓ Understand/reconcile the differences between cash book and bank statement

**J11/12/ (11/13 same)**

2(d) Explain what is meant by the imprest system of petty cash.

.....  
.....  
.....[2]

**J12/12**

2(f) Simone keeps her petty cash on the imprest system with an imprest of \$120.  
On 30 April she had vouchers in the petty cash box for expenses of \$87.60.

(i) What was the amount of petty cash remaining at 30 April?

.....  
.....[1]

(ii) How much cash was required to restore the imprest at 1 May?

.....  
.....[1]

**J12/13**

4 Theba maintains a petty cash book using the imprest system.

**REQUIRED**

(a) State **one** reason why Theba maintains a petty cash book in addition to her main cash book.

.....  
.....[2]

(b) Explain what is meant by the imprest system of petty cash.

.....  
.....  
.....  
.....[2]



Motor expenses account

Date	Details	\$	Date	Details	\$

Catering supplies account

Date	Details	\$	Date	Details	\$

Cleaning account

Date	Details	\$	Date	Details	\$

[5]

- (e) State the amount of petty cash which would be included in Theba's statement of financial position prepared on 30 April 2012.

.....[1]  
 [Total: 22]

**N12/12**

- 2(f) Mubara keeps his petty cash book on the imprest system with an imprest amount of \$120. At 31 October there were vouchers for petty cash expenditure totalling \$74.50 in the petty cash box. He had not claimed for a train fare of \$17.50.

State the amount which will remain in the petty cash box after he has claimed his train fare.

.....  
 .....[1]

**J13/21**

1 Annie Rongsen maintains both a three column cash book and a petty cash book. She maintains the petty cash book on the imprest system with an imprest amount of \$90.

She supplied the following information for the month ending 31 March 2013.

		\$
March	1 Petty cash balance	23
	Petty cash restored to imprest amount	?
	4 Paid postage	19
	8 Paid taxi fares	16
	13 An employee returned a loan paid out of petty cash in February	20
	19 Paid parcel post	4
	23 Paid R Singh, a credit supplier	24
	29 Paid window cleaner	12

(a) State **two** reasons for maintaining a petty cash book in addition to a main cash book.

1.....  
 .....  
 2.....  
 .....[2]

(b) State **one** advantage of using the imprest system of petty cash.

.....  
 .....[1]

(c) Enter the above transactions in Annie Rongsen's petty cash book. Balance the book on 31 March 2013 and carry down the balance. Make the entry on 1 April 2013 to restore the petty cash to the imprest amount.

Annie Rongsen – Petty Cash Book

Total Received	Date	Details	Total Paid	Postage	Travel	Sundries	Ledger Accounts
\$	2013		\$	\$	\$	\$	\$
23	Mar. 1	Balance b/d					
	1						
	4						
	8						
	13						
	19						
	23						
	29						

[12]

(d) Explain how the double entry will be completed for the items shown in the postage column of the petty cash book.

.....  
.....  
.....[2]

At the end of each month Annie Rongsen reconciles the bank columns in her main cash book with the statement received from the bank.

(e) Suggest **two** items which may appear in the cash book but not on the bank statement.

1 .....  
2 ..... [2]

(f) Suggest **two** items which may appear on the bank statement but not in the cash book.

1 .....  
2 ..... [2]

[Total: 21]

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(b) State where the double entry would be completed for the items recorded in the ledger account column of Saira Rehman's petty cash book.

.....  
.....  
.....[2]

(c) State where the double entry would be completed for the transaction on 10 October.

.....  
.....[2]

**N14/23**

1 Peter Pickard maintains a petty cash book. The monthly imprest of \$250 is restored on the last day of the month.

REQUIRED

(a) State **two** reasons for maintaining a petty cash book.

1 .....  
.....  
2 .....  
.....[2]

(b) Explain the imprest system of petty cash.

.....  
.....  
.....[2]

(c) State **one** advantage of the imprest system of petty cash.

.....  
.....[1]

The entries in Peter Pickard's petty cash book for August 2014 were as follows.

Peter Pickard  
Petty Cash Book

Total Received	Date	Details	Total Paid	Postage	Cleaning	Sundries	Ledger Accounts
\$	2014		\$	\$	\$	\$	\$
250	Aug. 1	Balance b/d					
	4	Window cleaner	25		25		
	10	Stamps	30	30			
	16	B Smith	36				36
	21	Donation to charity	15			15	
	29	Office cleaner	83		83		
	31	W Jones	18				18

REQUIRED

(d) Calculate how much the petty cashier will receive on 31 August 2014 to restore the imprest.

.....  
 .....[1]

(e) Complete the following table to show the double entry to restore the imprest on 31 August 2014.

Debit	Credit

[2]

(f) State how the double entry is completed on 31 August 2014 for the items recorded in the cleaning column of the petty cash book.

.....  
 .....[1]

(g) State how the double entry is completed on 31 August 2014 for the items recorded in the ledger accounts column of the petty cash book.

.....  
 .....  
 .....[2]

**Additional Information**

Peter Pickard’s transactions for August 2014 included the following.

- Aug. 5 Sold goods on credit to S Bower, list price \$1480, less 20% trade discount
- 13 Sold goods on credit to C Brooke, list price \$1340, less 15% trade discount
- 19 S Bower returned goods, list price \$160, purchased on 5 August

**REQUIRED**

(h) Make the necessary entries in Peter Pickard’s sales journal, sales returns journal, sales ledger and nominal (general) ledger for the month of August 2014. It is not necessary to balance the accounts.

Peter Pickard  
Sales Journal

Date	Details	\$	\$

[3]

Sales Returns Journal

Date	Details	\$	\$

[2]

Sales Ledger  
S Bower account

Date	Details	\$	Date	Details	\$

[2]

C Brooke account

Date	Details	\$	Date	Details	\$

[1]

Nominal (General) Ledger  
Sales account

Date	Details	\$	Date	Details	\$

[1]

Sales Returns account

Date	Details	\$	Date	Details	\$

[1]

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- (c)(i) State the amount required to restore the imprest on 1 April 2015.  
 .....[1]
- (ii) Name the account which would be credited with this amount.  
 .....[1]
- (d) Name the ledger account in which the transaction of 21 March would be recorded.  
 .....[1]

**J16/22**

1 Carol is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount is \$100. All payments below \$50 are made from petty cash.

**REQUIRED**

(a) State **two** reasons for maintaining a petty cash book.

- 1 .....  
 .....  
 2 .....  
 ..... [2]

Carol had the following transactions during April 2016.

- April 1 Petty cash imprest restored from the business bank account.  
 4 Purchased tea and coffee for office staff, \$11.  
 9 Paid K Mzolo's account of \$450, by cheque, after deducting a cash discount of 2%.  
 16 Bought stationery, \$25.  
 19 Paid taxi fare, \$8.  
 20 Received a cheque from B Mamba in settlement of his account of \$920, less 2½% cash discount.  
 23 Paid T Nhete, a credit supplier, \$38.  
 28 Cash sales, \$2 970.  
 29 Paid all the cash in the main cash account, except \$100, into the bank account.

**REQUIRED**

(b) Record the above transactions in the following books. Balance **each** book and bring down the balances on 1 May 2016. [9]







- (b) Show the entries which would be made in the cleaning account in July 2018. It is **not** necessary to close or balance the account.

Sara  
Cleaning account

Date	Details	\$	Date	Details	\$

[2]

- (c) State how the double entry is completed for the item recorded in the ledger accounts column of the petty cash book.

.....  
 ..... [2]

- (d) State the double entry for restoring the imprest on 1 August 2018.

Debit		Credit	
	\$		\$

[3]

**J14/11**

- 5 Miguel also maintains a petty cash book with an imprest amount of \$100 which is restored at the start of each month. On 31 March the total of vouchers in the petty cash book was \$66.

**REQUIRED**

- (d) Calculate the amount the chief cashier gave to the petty cashier on 1 April.

.....  
 ..... [1]

**N17/22**

- 1 Saffie is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount is \$150. All payments below \$100 are made from petty cash.

Saffie had the following transactions in September 2017.

- September 1 Petty cash imprest restored from the business bank account
- 3 Paid taxi fare, \$12
- 7 Paid \$461 by cheque for repairs to office machinery
- 11 Purchased office stationery, \$64
- 15 A cheque for \$210 received from SL Stores in August was dishonoured by the bank
- 21 Paid Faariqa, a credit supplier, \$29
- 26 Received a cheque from Thushari, \$392, in settlement of the amount due less 2% cash discount
- 28 Cash sales, \$4 840, of which \$4 800 was immediately paid into the bank
- 29 Paid Sopitha's account of \$480 after deducting a cash discount of 2½%
- 30 Paid postage, \$22





- (d) Complete the following table to show the double entry to restore the petty cash imprest on 1 May 2018.

Debit	\$	Credit	\$

[3]

- (e) Show the entry which would be made in the computer supplies account in April 2018. It is **not** necessary to close or balance the account.

Amira  
Computer supplies account

Date	Details	\$	Date	Details	\$

[1]

### J19/12

- 4 Sam's book-keeper started to maintain a petty cash book on 1 April 2019. On that date \$150 was placed in the petty cash box. This was to be the monthly imprest which was to be restored on the first day of each month.

At the end of April 2019 Sam discovered that only a few entries had been made in the petty cash book for the month.

The following information about the petty cash transactions for April 2019 is available.

2019		\$
April 11	Received refund from cleaner for overpayment in March	5
18	Paid Kelly, a credit supplier	35
21	Bought printer paper	23
30	Paid cleaner	56

#### REQUIRED

- (e) Complete the entries for the transactions on 3 April and 6 April in the petty cash book. Enter the transactions for 11 April to 30 April in the petty cash book. Balance the petty cash book on 30 April and bring down the balance on 1 May 2019. Show the restoration of the imprest on 1 May 2019.

