# **Petty Cash Book**

<u>The imprest system</u> 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.

<u>The advantages of using the Imprest system</u> 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

		(11/13 same) ain what is meant by the imprest system of petty cash.	
		[2	
J12/	'12		J
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?	
		I.	 1]
<b>J12</b> , 4			•
		UIRED	
	(a)	State <b>one</b> 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.	

Theba's imprest amount is \$200.

On 1 April 2012 she had \$97 in the petty cash box. On the same day she made a transfer from the business bank account to restore the petty cash to the imprest amount.

On 30 April 2012 Theba had the following petty cash vouchers.

		\$
April 4	Postage stamps	24
12	Stationery	36
17	Fuel for motor vehicle	38
21	Refund from stationery supplier	4
24	Catering supplies	12
29	Cleaning	70

#### **REQUIRED**

(c) Prepare Theba's petty cash book for the month of April 2012. Balance the book on 30 April 2012 and carry down the balance. Make the entry on 1 May 2012 to restore the petty cash to the imprest amount.

Theba – Petty Cash Book

		mei	oa – reity	Cash Book			
Total Received	Date	Details	Total paid	Cleaning	Catering supplies	Motor expenses	Postages & Stationery
\$	2012		\$	\$	\$	\$	\$
	Apr.	Balance b/d					
			L				
		.(	5				
			)				
		12°					
		_					
							[4.2]

[12]

(d) From the entries in the petty cash book, record the transactions for the month in Theba's ledger.

Postage and Stationery account

Date	Details	Ś	Date	Details	\$
	2 333	T		2 3333	7

Date	Details	\$	Date	Details	\$
	(	Catering sup	nlies acco	unt	
Date	Details	\$	Date	Details	\$
Date	Details	7	Date	Details	7
		<b>.</b>			
5 .	5		account	***	
Date	Details	\$	Date	Details	\$
				<u>(,                                    </u>	
			N <sub>a</sub>		
			be include	d in Theba's statement of	financial
position p	prepared on 30 April 201	.2. L			
•••••			• • • • • • • • • • • • • • • • • • • •		[Total
	<b>C.</b>				[10ta.
		\			
ara keeps	his petty cash book on t	the imprest	system wi	th an imprest amount of \$	5120. At
	ere were vouchers for pe	etty cash ex	penditure	totalling \$74.50 in the pet	ty cash box.
ctober th	imed for a train fare of \$				
ctober th	inited for a ciam face of s				
ctober the					
ctober the		the petty ca	ash box aft	ter he has claimed his train	n fare.
ctober the	unt which will remain in			ter he has claimed his trair	

(e)

N12/12 2(f)

### 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.

		\$
1	Petty cash balance	23
	Petty cash restored to imprest amount	?
4	Paid postage	19
8	Paid taxi fares	16
3	An employee returned a loan paid out of petty cash in February	20
9	Paid parcel post	4
3	Paid R Singh, a credit supplier	24
9	Paid window cleaner	12
	4 8 3 9	Paid postage Paid taxi fares An employee returned a loan paid out of petty cash in February Paid parcel post Paid R Singh, a credit supplier

(a)	State <b>two</b> reasons for maintaining a petty cash boo	ok in addition to a main cash book.	
	1		
		XV.	
	2	26	
			[2]
(b)	State <b>one</b> advantage of using the imprest system of		[2]

(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

Annie Rongsen – Petty Cash Book							
Total Received	Date	Details	Total Paid	Postage	Travel	Sundries	Ledger Accounts
\$	2013	, ( )	\$	\$	\$	\$	\$
23	Mar. 1	Balance b/d					
	1	50,					
	4						
	8						
	13						
	19						
	23						
	29						
							[40]

(d)	Explain how the double entry will be completed for the items shown in the postage column of the petty cash book.
	[2]
	ne end of each month Annie Rongsen reconciles the bank columns in her main cash book with the ement received from the bank.
(e)	Suggest <b>two</b> items which may appear in the cash book but not on the bank statement.
	1
	2[2]
(f)	Suggest <b>two</b> items which may appear on the bank statement but not in the cash book.
	1     2
	[Total: 21]
	RY
	15
	Mesall I'a.

### N13/22

1 Saira Rehman maintains a petty cash book using the imprest system. Her imprest amount is \$200.

On 1 October 2013 she had \$56 in the petty cash box.

Saira Rehman's transactions for the month of October 2013 were as follows:

		\$
October 1	Restored petty cash to imprest amount	?
4	Bought stamps and stationery	19
10	Received cash from employee for personal postage costs	3
14	Paid Abdul Shakeel, a credit supplier	34
18	Bought tea and coffee	9
23	Paid Syed Arshad, a credit supplier	16
28	Paid cleaners	80

(a) Enter the above transactions in Saira Rehman's petty cash book. Balance the petty cash book at 31 October 2013 and carry down the balance.

Make the entry on 1 November 2013 to restore the petty cash to the imprest amount.

Saira Rehman - Petty Cash Book

Total		Jana K		Dostage 9			Lodgor
Total	Date	Details	Total	Postage &	Catering	Cleaning	Ledger
Received			Paid	stationery	supplies		Accounts
\$			\$	\$	\$	\$	\$
			C				
		/(	ς.				
			)				
		13/					
		3					
	7	1/3					

	(a)	column of Saira Rehman's petty cash book.	count
			[2]
	(c)	State where the double entry would be completed for the transaction on 10 October.	
			[2]
N1	4/2		
1	Pete mor	er Pickard maintains a petty cash book. The monthly imprest of \$250 is restored on the last nth.	day of the
	REC	QUIRED	
	(a)	State <b>two</b> reasons for maintaining a petty cash book.	
		1	
		2	
			[2]
	(b)	Explain the imprest system of petty cash.	
		7/0	[2]
	(c)	State <b>one</b> advantage of the imprest system of petty cash.	
		X -	[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
						57	
					×	S) .	
					0,0		
					(0,		

REC	UIRED		
	Calculate how much the petty cashier will rece	ive on 31 August 2014 to restore the imprest.	
(-,	carcarate near mass and petty casting time reco		
		)	
			[1]
(e)	Complete the following table to show the doub	ole entry to restore the imprest on 31 August 20	14.
	40		
	Debit	Credit	
		0.00.0	
			[0]
	103		[2]
(6)			_
(f)	· · · · · · · · · · · · · · · · · · ·	August 2014 for the items recorded in the clea	ning
	column of the petty cash book.		
			[1]
			[1]
(g)	State how the double entry is completed on 31	August 2014 for the items recorded in the ledg	er
107	accounts column of the petty cash book.	S S	
	, , , , , , , , , , , , , , , , , , ,		
			•••••
			[2]
			[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 Journa \$ 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	\$

Sales Returns account

	Sales Returns account							
Date	Details	\$	Date	Details	\$			
				.7				
				XO,				
				·// 0.,				
				KCUgrk				
			•					
			1					
			18/					
				•				
		C						
	•							
	<b>C</b> .							
	**	1						
		, •						
	West Jal.							
	1050							

[1

[1]

### J15/23

1 Kuda Maposa maintains a petty cash book using the imprest system.

REC	QUIRED
(a)	State one advantage of the imprest system of petty cash.
	r., 1
	[1]

On 1 March 2015 the balance of Kuda Maposa's petty cash book was \$100 which was equal to the amount of the imprest.

Her transactions for the month of March 2015 were as follows.

	\$	
March 6	Paid for postage costs	13
11	Bought tea and coffee	5
14	Purchased stationery	27
18	Paid T Masuka, a credit supplier	15
21	Received refund for damaged stationery	10
26	Paid window cleaner	12
29	Paid P Zhonga, a credit supplier	16

### **REQUIRED**

(b) Enter these transactions in Kuda Maposa's petty cash book. Balance the petty cash book and bring down the balance on 1 April 2015.

Total Received	Date	Details	Total Paid	Postages	Stationery	General expenses	Ledger accounts
\$	2015		\$	\$		\$	\$
		13,					
		2					
		.9/					
	2	7					

(c)(i)	State the amount required to restore the imprest on 1 April 2015.
(ii)	
(d)	Name the ledger account in which the transaction of 21 March would be recorded.  [1]
is \$1 REQ (a)	l is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount 00. All payments below \$50 are made from petty cash.  UIRED  State two reasons for maintaining a petty cash book.  1
April REQ (b)	Petty cash imprest restored from the business bank account.  Purchased tea and coffee for office staff, \$11.  Paid K Mzolo's account of \$450, by cheque, after deducting a cash discount of 2%.  Bought stationery, \$25.  Paid taxi fare, \$8.  Received a cheque from B Mamba in settlement of his account of \$920, less 2½% cash discount.  Paid T Nhete, a credit supplier, \$38.  Cash sales, \$2 970.  Paid all the cash in the main cash account, except \$100, into the bank account.  UIRED  Record the above transactions in the following books. Balance each book and bring down the balance on 1 May 2016.

Carol

<u>(i)</u>		Pett	y cash book			
Total	Data	Dotails	Total	Postages &	General	Ledger
Received	Date	Details	Paid	Stationery	expenses	accounts
\$	2016		\$	\$	\$	\$
23	Apr. 1	Balance b/d				
					17	
					KO,	
					5	
				\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		

Carol

(ii)				Cash	book				
Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2016		\$	\$	\$	2016		\$	\$	\$
Apr.1	Balance b/d		210		Apr.1	Balance b/d			1 437
		1	9,						
		0.0							
		50'							
	N N								

[10][Total: 21]

### N17/22

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 Faariga, a credit supplier, \$29
  - 26 Received a cheque from Thushari, \$392, in settlement of the amount due less 2% cash discount
  - 28 Cash sales, \$4840, of which \$4800 was immediately paid into the bank
  - 29 Paid Sopitha's account of \$480 after deducting a cash discount of 21/2%
  - 30 Paid postage, \$22

#### **REQUIRED**

(a) Record the above transactions in the following books. Balance each book and bring down the balances on 1 October 2017.

(i) Saffie
Petty cash book

	Petty Cash book							
Total Received	Date	Details	Total paid	Travel	Postages & Stationery	Ledger accounts		
\$	2017		\$	\$	\$	\$		
63	Sept.1	Balance b/d						
		C						
		19,						
		9,						
	Y							

(ii) Saffie Cash book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2017		\$	\$	\$	2017		\$	\$	\$
Sept.1	Balance b/d		120		Sept.1	Balance b/d			3 841
							No.		
					.0				

## N18/21

2 Sara maintains a petty cash book. The monthly imprest of \$120 is restored on the first day of each month. The entries in Sara's petty cash book for July 2018 were as follows.

Petty Cash Book

Total	Date	Details <b>O</b>	Total	Cleaning	Postages	Sundries	Ledger
Received	שמנט	Details	paid	Cleaning	rustages	Juliulies	Accounts
\$	2018		\$	\$	\$	\$	\$
42	July 1	Balance b/d					
78		Cash					
	4	Stamps	4		4		
	13	Parcel post	25		25		
	19 `	Cleaning materials	55	55			
	23	Sabeena (credit supplier)	19				19
	29	Sundry expenses	6			6	
5	30	Refund for faulty cleaning					
3	30	materials					

REC	QUIRED
(a)	State <b>one</b> advantage to Sara of maintaining a petty cash book.
	[1]

[10]

**(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

0.000									
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

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 youthers 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

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 21/2%
  - 30 Paid postage, \$22

### REQUIRED

(a) Record the above transactions in the following books. Balance each book and bring down the balances on 1 October 2017.

(i) Saffie Petty cash book

		1 ctty cash				
Total Received	Date	Details	Total paid	Travel	Postages & Stationery	Ledger accounts
\$	2017		\$	\$	\$	\$
63	Sept.1	Balance b/d				
					\$7	
					×0,	
					2	
				~\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		
				5		
			10			
			QT			
			•			

(ii) Saffie Cash book

Date	Details	Discount	Cash	Bank	Date	Details	Discount	Cash	Bank
		allowed	1	,			received		
2017		\$	\$	\$	2017		\$	\$	\$
Sept.1	Balance b/d	,	120		Sept.1	Balance b/d			3 841
	<b>S</b>	S							

[10]

[9]

### J18/11

Amira owns an advertising agency. Her financial year ends on 30 April.

On 1 April 2018 she decided to use a petty cash book with a monthly imprest of \$80 which would be restored on the first day of each month.

REQUIRED	RE	QI	IJ	R	E	D
----------	----	----	----	---	---	---

	••••		
(a)	State <b>one</b> reason	for using a petty cash book.	
			[1]
(b)	State <b>one</b> advanta	ge of the imprest system of pet	ty cash.
			[1]
On :	1 April 2018 Amira	put \$80 cash in the petty cash b	ox.
Her	transactions for th	e month of April 2018 were as fo	ollows.
		·	\$
	April 4	Bought stamps	3 0

- Purchased printing paper
- 11 Purchased ink cartridges
- 19 Paid window cleaner
- 22 Paid KK Limited, a trade payable
- Purchased flowers for reception desk

#### **REQUIRED**

(c) Enter these transactions in Amira's petty cash book on the page opposite. Balance the petty cash book and bring down the balance on 1 May 2018. [10]

35

Petty Cash Book

	1	1 000	y Casii bu	OK	1		
Total	Date	Details	Total	Postage	Computer	General	Ledger
Received			paid		supplies	expenses	accounts
\$	2018	70	\$	\$	\$	\$	\$
80	Apr. 1	Balance b/d					
		6					
		<b>(</b> 2)					
	Y						

(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	\$
			7	
			X	
			00	

[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. Sam – Petty Cash Book

Total	Dete		Total	Office	Tuestal	Classins	Ledger
Received	Date	Details	paid	Expenses	Travel	Cleaning	accounts
\$	2012		\$	\$	\$	\$	\$
150	April 1	Cash					
	3	Taxi fare	12				
	6	Parcel post	3				
						_	
					~(		
					100		
				6	00,		
				6	) ·		
				01			
			L				
		~(	5				[10]
		1/0					
		3					
	-	Megal Tall					
	Y						