

Chapter 6: Petty Cash

Chapter Review Solutions

2. Petty Cash is a relatively small amount of cash held to pay minor expenses, which do not warrant the drawing of a cheque or cannot be paid by cheque. An organised system of controlling this cash and these expenditures is generally referred to as a Petty Cash System.
4. (a) Recommendations may include:
- Keeping the petty cash float amount as low as possible
 - Restricting access to the petty cash tin (by locking it in a drawer, for example)
 - Requiring sign-off by a manager to replenish the petty cash tin
 - Ensuring receipts are provided prior to releasing petty cash funds
- (b)
- Petty cash voucher and receipt to be authorised by sales manager.
 - Salespersons to sign for receipt of cash.
 - Reconciliation of cash with receipts and verification of procedures.

6. Elephant's Foot

(a)

PETTY CASH BOOK							
Receipts	Date	Particulars	Vchr	Payments	Travel	General expenses	GST Paid
\$100.00	July 01						
		Balance					
	July 03	Sundry Exp.	95	8.80		8.00	0.80
	July 07	Fares	96	11.00	10.00		1.00
	July 15	Magazines	97	12.65		11.50	1.15
	July 16	Stationery	98	4.95		4.50	0.45
	July 20	Stationery	99	17.60		16.00	1.60
	July 21	Fares	100	11.00	10.00		1.00
	July 29	Fares	101	7.70	7.00		0.70
	July 30	Stationery	102	9.35		8.50	0.85
				83.05	27.00	48.50	7.55
		Balance c/d		16.95			
100.00				\$100.00			
16.95	July 31	Balance b/d					
83.05		Reimbursement Chq No. 8921					

(b)

GENERAL JOURNAL			
Date	Details	Debit	Credit
31/7	Travel	27.00	
	General Expenses	48.50	
	GST Paid	7.55	
	Bank		83.05
	<i>Reimbursement of petty cash</i>		

8. Fax Factors

(a)

PETTY CASH BOOK									
Receipts	Date	Particulars	Vchr	Payments	Courier	Stationery	Travel	Sundries	GST
\$200.00	June 1	Advance							
	June 2	Courier	1	8.80	8.00				0.80
		Fares	2	9.90			9.00		0.90
		Stationery	3	6.60		6.00			0.60
		Cleaning	4	22.00				20.00	2.00
	June 5	String	5	2.75				2.50	0.25
		Stationery	6	12.65		11.50			1.15
		Fares	7	18.70			17.00		1.70
		Biscuits	8	4.95				4.50	0.45
	June 11	Cleaning	9	22.00				20.00	2.00
		Paper	10	19.80		18.00			1.80
		Courier	11	8.80	8.00				0.80
	June 14	Fares	12	22.00			20.00		2.00
		Courier	13	13.20	12.00				1.20
		Stationery	14	16.50		15.00			1.50
				188.65	28.00	50.50	46.00	47.00	17.15
		Balance c/d		11.35					
\$200.00				\$200.00					
\$11.35	June 14	Balance b/d							
\$188.65	June 14	Reimbursement							

(b)

GENERAL JOURNAL			
Date	Details	Debit	Credit
14/6	Cleaning	40.00	
	Stationery	50.50	
	Courier	28.00	
	Travel	46.00	
	General Expenses	7.00	
	GST Paid	17.15	
	Bank		188.65
	<i>Reimbursement of petty cash</i>		