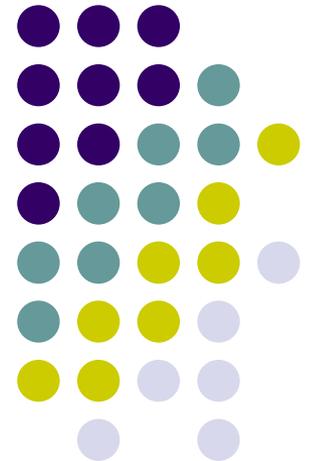
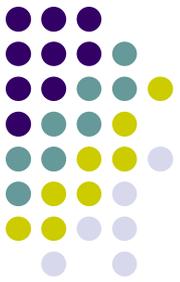


Cash Control Systems

Chapter 11 & 22, Section 4
Petty Cash





Petty Cash

- What is petty cash?
 - An amount of cash kept on hand and used for making small cash payments.
- Why would a business want to use a petty cash fund?
 - Save time and money
- How does a business control the flow of money in and out of the petty cash fund?
 - One person to manage petty cash fund.
 - All transactions must be documented.

Establishing a Petty Cash Fund



August 17. Paid cash to establish a petty cash fund, \$200.00.
Check No. 8.

1. Which accounts are affected?

Petty Cash

Cash

2. How is each account classified?

Petty Cash is an **asset account**.

Cash is an **asset account**.

3. How is each classification changed?

Petty Cash is **increased**.

Cash is **decreased**.

4. How is each amount entered in the accounts?

Petty Cash increases on the **debit side**.

Cash decreases on the **credit side**.

Petty Cash	
Debit	
Normal Balance	
200.00	
↑	

Cash	
Debit	
Normal Balance	
	200.00
	↓



Petty Cash Slip

- Used to document payments from the petty cash fund
- Shows what the payment was for
- Is signed by the petty cash administrator

PETTY CASH SLIP		No. 1
Date:	<u>August 18, 20--</u>	
Paid to:	<u>Tribune</u>	
For:	<u>Newspaper Ad</u>	\$ <u>5.00</u>
Account:	<u>Advertising Expense</u>	
Approved: <u>Barbara Treviño</u>		



Replenish a Petty Cash Fund

- What does it mean to replenish the petty cash fund?
 - Bring the fund back to its established amount
- When should the fund be replenished?
 - At the end of a month (ALWAYS)
 - When the petty cash fund is low
- All petty cash slips are totaled and journalized in the corresponding account.
- Cash is **credited** for the total amount of slips



Replenish a Petty Cash Fund

August 31. Paid cash to replenish the petty cash fund, \$30.00: miscellaneous expense, \$20.00; advertising, \$10.00. Check No. 12.

GENERAL JOURNAL							PAGE 2
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
31	Miscellaneous Expense	C12		20 00		9	
	Advertising Expense			10 00		10	
	Cash				30 00	11	

Diagram annotations: Box 1 points to the date '31'. Box 2 points to the account titles 'Miscellaneous Expense' and 'Advertising Expense'. Box 3 points to the account title 'Cash'. Box 4 points to the document number 'C12'.

1. Write the date.
2. Write the title of the first account debited. Write the debit amount. Write the title of the second account. Record the debit amount.
3. Write the title of the account credited. Record the credit amount.
4. Write the source document number in the Doc. No. column.



Petty Cash Short and Over

- Petty Cash Report
 - Used to account for petty cash payments and show if cash is short or over.
 - **Cash Short:** on hand is less than recorded amount
 - **Cash Over:** on hand is more than recorded amount

Cash Short and Over account is classified as an expense but really has no normal balance.

<i>Cash Short and Over</i>	
Debit	Credit
Cash Short	Cash Over



Petty Cash Report

1. Write the date and custodian name.
2. Write the fund total.
3. Summarize petty cash payments.
4. Calculate and write the total payments.
5. Calculate and write the recorded amount on hand.
6. Write the actual amount of cash on hand.
7. Subtract the actual amount on hand from the recorded amount on hand and write the amount.
8. Write the total of the replenish amount.

PETTY CASH REPORT				
Date: <u>October 31, 20--</u>		Custodian: <u>Janice Morgan</u>		
Explanation	Reconciliation		Replenish Amount	
Fund total		250.00		
Payments:				
Supplies	45.34			
Advertising	25.00			
Miscellaneous	144.22			
<i>Less:</i> Total payments		214.56	→	214.56
<i>Equals:</i> Recorded amount on hand		35.44		
<i>Less:</i> Actual amount on hand		33.85		
<i>Equals:</i> Cash short (over)		1.59	→	1.59
Amount to replenish				216.15



PETTY CASH REQUISITION			
Accounts for which payments were made:		Amount	
Supplies		\$	21.95
Delivery Expense			23.25
Miscellaneous Expense			43.20
Advertising Expense			30.25
Cash Over			(3.00)
TOTAL CASH NEEDED TO REPLENISH FUND:		\$	115.65
Requested by:		Date	02/28 20__
	PETTY CASHIER		
Approved by:		Date	
	ACCOUNTANT		
		Check No.	3875



PETTY CASH ACTIVITY

Assignment



- Work Together 5-4 (Textbook pg. 138)
- Log in to Aplia.com
 - Application 5-4 (Textbook pg. 141)
 - Mastery 5-5 (Textbook pg. 141-142)