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Topic

Petty cash journal and ledger

QUESTION 1 (PETTY CASH JOURNAL, LEDGER AND THEORY)

You are the newly appointed bookkeeper of Rina Nursery. You will also be responsible for the petty cash payments. You must convince the owner, Rina Brink, that it is essential to use a petty cash system. You decided to convince the owner decided to use a petty cash impress amount of R1 000.

Petty cash transactions of Rina Nursery for March 2024:

1. Withdraw R1 000 at the ATM to obtain cash for petty cash.
2. Petty cash voucher 01 for R180 issued for the electricity account paid from petty cash.
8. According to petty cash voucher 02, R300 was paid to the cleaner for wages.
10. Petty cash voucher 03 for R240 was used for the payment of refreshments at SPAR for the meeting.
11. Petty cash voucher 04 for R200 was used to pay the courier of Speedy Delivery to deliver plants to clients.
12. Withdraw cash at the bank to restore the impress amount.
16. The cashier purchased stationery for R120 at the PNA for use in the nursery. Petty cash voucher 05 was completed to refund her.
19. Paid R300 from petty cash to pay for refreshments.
26. Petty cash voucher 07 was issued for R100 to the local school as a donation.
30. Withdraw money at the bank to restore the impress amount of R1 000.

Required:

- 1.1 Give four examples of payments that are made from the petty cash box.

- 1.2 The owner, Rina Brink, asked you why it is necessary to use a petty cash system. Explain two reasons to him to explain why a petty cash system is used.

- 1.3 Complete a petty cash voucher on 31 May 2024 for the purchase of stationery from the CNA, R34. The cashier, P. Nel purchased the stationery out of her own pocket and requested payment from petty cash by the cashier, T. Dyer.

PETTY CASH VOUCHER	
Date: _____	
Needed for	Amount
Requested by:	
Approved by:	

- 1.4 Record the entries in the subsidiary journals of Rina Nursery.

Rina Nursery Cash payments journal for March 2024							
Doc	Day	Details	Bank	Wages	Sundry accounts		
					Amount	Fol	Details

Rina Nursery Petty cash journal for March 2024							PCJ
Doc	Day	Details	Petty cash	Wages	Sundry accounts		
					Amount	Fol	Details

- 1.5 Complete the applicable entries in the petty cash account in the general ledger. Balance the ledger account.

Rina Nursery General ledger							
Petty cash					B8		

QUESTION 2 (PETTY CASH ACCOUNT AND LEDGER)

The information of Lorika Stores was obtained for July 2024. The business uses the petty cash system to pay for small expenses. The petty cash impress amount is R2 000 that must be restored at the end of each month. The petty cash impress amount is R2 000 on the first day of each month.

QUESTION 3 (ACCOUNTING EQUATION FOR PETTY CASH)

The owner of Blits Stores decided on 1 March 2025 to use petty cash for small payments. He decided on a petty cash imprest amount of R1 200 per month that will be restored during the month if needed and on the last day of the month to the cash imprest amount of R1 200.

The following expenses were paid out of the petty cash of Blits Stores during March 2025.

1.	Withdraw R1 200 at the ATM for the petty cash impress amount.
2.	Petty cash voucher no. 1 for R290 used to pay for repairs.
3.	Petty cash voucher no. 2 for R460 for thr delivery of trading stock to the premises of cients.
4.	Paid R400 for refreshments for the meeting.
5.	Withdraw cash at the bank to replenish the petty cash imprest amount.

Required:

Indicate the account debited, account credited, source documents and journal used. Indicate the effect of each transaction on the accounting equation. Indicate an increase with a + and decrease with a -.

Example:

Paid petrol out of petty cash, R400.

No.	Account debited	Account credited	Source document	Journal	Assets	Equity	Liabilities
Vb	Petrol/fuel	Petty cash	Petty cash voucher	PCJ	-400	-400	
1.							
2.							
3.							
4.							
5.							

QUESTION 4 (INTERNAL CONTROL ON THE PETTY CASH)

4.1 Give 2 reasons why it is important to keep careful control of petty cash.

4.2 How does the impress system assist in keeping control over petty cash?

4.3 Give one other way a business could ensure control over petty cash.

- 4.4 Name two steps which can be taken against the cashier if your suspicion regarding illegal activities is confirmed.

QUESTION 5: (ETHICAL BEHAVIOUR)

BZN Stores frequently donates cash out of petty cash to various welfare organisations. How will the business benefit from these donations? Explain one advantage.

QUESTION 6: (ETHICAL BEHAVIOUR)

Indicate whether you think the following activities are ethical. **Tick(✓)** either the ‘Yes’ or ‘No’ column to indicate your choice in the answer book provided.

ACTIVITY		YES	NO
6.1	The business sues a debtor and asks the court to declare her insolvent.		
6.2	The business needs an additional telephone connection in the new offices it has built on. The owner offers the telephone department official an extra amount of money to do it quickly.		
6.3	Two separate businesses, Clean Washing Powder and Mean Washing Powder, agree to sell their products for the same price.		
6.4	The accountant, who knows that the business is interested in buying a property, buys it himself with the aim of selling it to the business at a profit.		
6.5	When customers pay cash for goods, the owner does not put the cash in the till. No accounting record is done for the sales. The owner takes the money, because he treats it as drawings as he says it is his money.		