Topic 8

Petty cash journal and ledger

QUESTION 1 (PETTY CASH JOURNAL, LEDGER AND THEORY)

1.1 Purchase of small quantities of inventory.
Purchase of small quantities of consumables, for example stationery, packing material.
Payment of delivery cost.
Payment of wages.
Payment of small expenses, for example repairs.
Small donations.
1.2 The money available in petty cash is used to pay small amounts to reduce bank charges that must be paid on each cheque issued.
Certain amounts must be paid in cash because the person receiving the money doesn't want to receive a cheque, for example wages to casual workers.
The person responsible for EFT payments are not available when payments must be made.

1.3

PETTY CASH VOUCHER

Date: 31 May 2024	
Needed for Stationery	**Amount**
	34,00
Requested by: P. Nel	
Approved by: T. Dyer	

1.4 Rina Nursery

Petty cash journal for March 2024 **PCJ**

Doc	**Day**	**Details**	**Petty cash**	**Wages**	**Sundry accounts**		
					Amount	**Fol**	**Details**
01	2	City Council	180		180		Electricity
02	8	Casual worker	300	300			
03	10	SPAR	240		240		Refreshments
	11	Speedy Delivery	200		200		Carriage on sales
04	16	PNA	120		120		Stationery
05	19	Casual worker	300	300			
07	26	School	100		100		Donation
			1 440	600	840		
			B8				

1.4 Rina Nursery
Cash payments journal for March 2024

Doc	Day	Details	Bank	Sundry accounts		
				Amount	**Fol**	**Details**
BS	01	Cash	1 000	1 000	B8	Petty cash
BS	12	Cash 180 + 300 + 240 + 200	920	920	B8	Petty cash
BS	31	Cash 120 + 300 + 100	520	520	B8	Petty cash

1.5 Rina Nursery
General ledger

Petty cash B8

Mar 01	Bank	CPJ	1 000	Mar 31	Sundry payments	PCJ	1 440
12	Bank	CPJ	920		Balance	c/d	1 000
31	Bank	CPJ	520				
			2 440				1 800
Apr 01	Balance	b/d	1 000				

QUESTION 2 (PETTY CASH ACCOUNT AND LEDGER)

Lorika Stores
General ledger

Petty cash account B6

Jul 1	**Balance**	**b/d**	**2 000**	Jul 31	Total payments	PCJ	3 970
13	Bank 250 + 400 + 3 40 + 180 + 440	KBJ	1 610		Balance	c/d	2 000
31	Bank 400 + 220 + 200 + 400 + 740 + 400		2 360				
			5 970				5 970
Aug 1	Balance	b/d	2 000				

Bank account B7

Jul 1	**Balance**	**b/d**	**6 000**	Jul 31	Total payments	CPJ	3 970

Wages N4

Jul 1	Petty cash	PCJ	250				
4	Petty cash	PCJ	400				
14	Petty cash	PCJ	400				
24	Petty cash	PCJ	400				

Telephone N5

Jul 8	Kleinkas	KKJ	340				

Stationery N6

Jul 9	Kleinkas	KKJ	180				

Repairs N7

Jul 12	Kleinkas	KKJ	440				

Refreshments N8

Jul 16	Kleinkas	KKJ	220				

Donations N9

Jul 19	Kleinkas	KKJ	200				

Electricity N10

Jul 28	Kleinkas	KKJ	740				

QUESTION 3 (ACCOUNTING EQUATION FOR PETTY CASH)

Paid for refreshments from petty cash, R400.

No.	Account debited	Account credited	Source document	Journal	Assets	Equity	Liabilities
Vb	**Refresh-ments**	**Petty cash**	**Petty cash voucher**	**PCJ**	**-400**	**-400**	
1.	Petty cash	Bank	Bank statement	CPJ	+1 200 -1 200		
2.	Repairs	Petty cash	Petty cash voucher	PCJ	-290	-290	
3.	Carriage on sales	Petty cash	Petty cash voucher	PCJ	-460	-460	
4.	Lone	Petty cash	Petty cash voucher	PCJ	-400	-400	
5.	Petty cash 290 + 460 + 400	Bank	Bank statement	CPJ	+1 150 -1 150		

QUESTION 4 (INTERNAL CONTROL ON THE PETTY CASH)

4.1	Reasons to keep careful control of petty cash.
	Money could easily be spent on inappropriate items drawn out of petty cash if control is not maintained.
	Money can be stolen if there is not proper control over the petty cash. To prevent fraud.
4.2	Impress system.
	With the impress system, the petty cash starts the month off with a set amount.
	At the end of the period the petty cash vouchers plus cash on hand, should tally with the original impress amount.
	If it does not reconcile, it will quickly become apparent if incorrect spending or a lack of record keeping occurred.
	Missing cash can be investigated and traced.
4.3	Methods to control petty cash.
	Keep it locked up.
	Access only allowed by one person.
4.4	Steps.
	Suspend cashier until investigation is finalised.
	Report to authorities as it is theft.

QUESTION 5: (ETHICAL BEHAVIOUR)

Advantages of donations to welfare organisations.
Acknowledgements from the recipients of the donations, may be published in the press and the business may become known to prospective clients.
The public may decide to support this business because they donate goods to charity.
It is expected from businesses to contribute to the community in which they trade. It can appear in the report issued with the financial statements to indicate the involvement with the community.

QUESTION 6: (ETHICAL BEHAVIOUR)

	Activity	Yes	No
6.1	The business sues a debtor and asks the court to declare her insolvent.	✓ (1)	
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.		✓ (1)
6.3	Two separate businesses, Clean Washing Powder and Mean Washing Powder, agree to sell their products for the same price.		✓ (1)
6.4	The accountant, who knows that the business is interested in buying a certain property, buys it himself with the aim of selling it to the business at a profit.	✓ (1)	
6.5	When customers pay cash for goods, the owner does not put the cash in the till. The owner takes the money, because he treats it as drawings as he says it is his money.		✓ (1)