

**Lesson 8 – Keep a Petty Cash Book
Model Answers to Practice Questions**

Question 8.1

Which **one** of the following best describes the imprest system of petty cash?

	✓
The amount to be kept as petty cash for an agreed period of time is set. At the end of the agreed period the petty cash balance is restored to the amount at which it was set	✓
There is no agreement as to the amount to be kept as petty cash or when the amount in the petty cash box will be restored. Whenever the petty cashier thinks it is necessary the petty cash balance is restored by an amount the petty cashier decides upon	

Question 8.2

Which **one** of the following is most likely to be appointed to the role of petty cashier?

	✓
The accounts supervisor	
A junior member of staff from the accounts department	✓

Question 8.3

Which **one** of the following is most likely **not** to be paid for out of petty cash?

	✓
An amount of £6.50 to send a parcel to a customer	
An amount of £240.00 to a supplier to settle an invoice	✓
A box of paper for the printer at a cost of £4.99	

Question 8.4

A business keeps a float of petty cash for the purpose of making payment of some small business expenses in cash. The business uses the imprest system of petty cash and an imprest balance of £50.00 has been agreed, which will be restored at the end of each week.

At the end of a recent week the petty cash book analysis totals were as follows:

Postage £9.20, stationery £10.60, travel £12.50, sundries £7.50.

Given the above information which **one** of the following represents the amount be paid into petty cash for the purpose of restoring the petty cash to the agreed imprest amount?

	<input checked="" type="checkbox"/>
£50.00	<input type="checkbox"/>
£10.20	<input type="checkbox"/>
£39.80	<input checked="" type="checkbox"/>

Question 8.5

At 30 April 201X the closing balance brought down in the petty cash book of a business is £48.95.

At 30 April 201X the petty cash box of the business contains the following notes and coins:

Denomination (notes and coins)	Quantity in Box
£20 notes	1
£10 notes	1
£5 notes	2
£2 coins	2
£1 coins	2
50p coins	3
20p coins	4
10p coins	3
5p coins	5
2p coins	3
1p coins	4

You are required to reconcile the balance per the petty cash book at 30 April 201X with the contents of the petty cash box as at that date. A form to be used in completing this task is provided below. If the total of notes and coins in the petty cash box is equal to the balance on the petty cash box enter 0:00 on the difference line.

Reconciliation of Petty Cash Book Balance with Contents of Petty Cash Box			
Date: 30 April 201X			
Denomination (Notes and Coins)	Quantity in Box	Amount	
		£	p
£20 notes	1	20	00
£10 notes	1	10	00
£5 notes	2	10	00
£2 coins	2	4	00
£1 coins	2	2	00
50p coins	3	1	50
20p coins	4		80
10p coins	3		30
5p coins	5		25
2p coins	3		6
1p coins	4		4
Total petty cash box		48	95
Balance petty cash book		48	95
Difference		0	00

Question 8.6

A business uses the imprest system of petty cash. The imprest balance has been set at £100.00, and is restored on the Friday of each week by means of a cheque drawn on the bank account.

Provided below is the petty cash book of the business partly completed for the week ending 7 June 201X.

The following four petty cash vouchers are yet to be entered in the petty cash book.

The business is registered for VAT and any VAT included in petty cash payments is shown on petty cash vouchers and can be reclaimed from HMRC.

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No: 083		
Petty Cash Voucher		
Date: 6 June 1X		
AMOUNT		
	£	P
Postage Stamps	5	40
Total	5	40
Claimant:	J Chan	
Authorised by:	A Student	

No: 084		
Petty Cash Voucher		
Date: 6 June 1X		
AMOUNT		
	£	P
Stationery	12	50
VAT	2	50
Total	15	00
Claimant:	P Walters	
Authorised by:	A Student	

No: 085		
Petty Cash Voucher		
Date: 7 June 1X		
AMOUNT		
	£	P
Rail Fare	8	00
Total	8	00
Claimant:	K Burton	
Authorised by:	A Student	

No: 086		
Petty Cash Voucher		
Date: 7 June 1X		
AMOUNT		
	£	P
Parcel Post	7	50
Total	7	50
Claimant:	J Chan	
Authorised by:	A Student	

Enter the four petty cash vouchers in the petty cash book provided below. Balance off the petty cash book and show the closing petty cash balance carried down and brought down at 7 June 201X. Restore the petty cash balance at 7 June 201X and show the petty cash imprest balance carried forward.

Petty Cash Book

Receipts £:p	201X	Details	Voucher No.	Total Payment £:p	Analysis Columns			
					VAT £:p	Postage £:p	Stationery £:P	Travel £:p
100.00	1 June	Balance b/f						
	1 June	Parcel post	078	8.00		8.00		
	2 June	Stationery	079	12.00	2.00		10.00	
	3 June	Taxi fare	080	9.60	1.60			8.00
	4 June	Taxi fare	081	7.50	1.25			6.25
	5 June	Parcel post	082	4.50		4.50		
	6 June	Postage stamps	083	5.40		5.40		
	6 June	Stationery	084	15.00	2.50		12.50	
	7 June	Rail fare	085	8.00				8.00
	7 June	Parcel post	086	7.50		7.50		
		Sub-total		77.50	7.35	25.40	22.50	22.25
	7 June	Balance c/d		22.50				
100.00		Totals		100.00				
22.50	7 June	Balance b/d						
77.50	7 June	Bank						
100.00	7 June	Balance c/f						

Question 8.7

Caxton Printing keep a small amount of cash in a petty cash box. They use the imprest system of petty cash. The imprest balance has been set at £100.00, and is restored at the end of each week by means of a cheque drawn on the bank account.

Provided below is the petty cash book of the business partly completed for the week ending 14 July 201X.

The following two petty cash vouchers are yet to be entered in the petty cash book.

Level 1 Award in Bookkeeping (RQF) – Study Text Book Model Answers

The business is registered for VAT and any VAT included in petty cash payments is shown on petty cash vouchers and can be reclaimed from HMRC.

No: 129		
Petty Cash Voucher		
Date: 14 July 1X		
	AMOUNT	
	£	P
Stationery	9	50
VAT	1	90
Total	11	40
Claimant:	S Romanov	
Authorised by:	A Khan	

No: 130		
Petty Cash Voucher		
Date: 14 July 1X		
	AMOUNT	
	£	P
Taxi fare	5	00
VAT	1	00
Total	6	00
Claimant:	J Carter	
Authorised by:	A Khan	

Enter the two petty cash vouchers in the petty cash book provided below. Balance off the petty cash book and show the closing petty cash balance carried down and brought down at 14 July 201X. Restore the petty cash balance at 14 July 201X and show the petty cash imprest balance carried forward.

**Caxton Printing
Petty Cash Book**

Receipts £:p	201X	Details	Voucher No.	Total Payment £:p	Analysis Columns			
					VAT £:p	Travel £:p	Postage £:P	Stationery £:p
100.00	8 July	Balance b/f						
	8 July	Stationery	122	7.20	1.20			6.00
	9 July	Train fare	123	12.50		12.50		
	10 July	Postage stamps	124	5.00			5.00	
	11 July	Parcel post	125	8.00			8.00	
	12 July	Taxi fare	126	12.00	2.00	10.00		
	12 July	Stationery	127	6.00	1.00			5.00
	13 July	Train fare	128	12.50		12.50		
	14 July	Stationery	129	11.40	1.90			9.50
	14 July	Taxi fare	130	6.00	1.00	5.00		
		Sub-total		80.60	7.10	40.00	13.00	20.50
	14 July	Balance c/d		19.40				
100.00		Totals		100.00				
19.40	14 July	Balance b/d						
80.60	14 July	Bank						
100.00	14 July	Balance c/f						

Level 1 Award in Bookkeeping (RQF) – Study Text Book Model Answers

You are provided below with an extract from the ledger of Caxton Printing. Make transfers from the petty cash book at 14 July 201X to appropriate accounts in the ledger.

**Caxton Printing
Ledger (extract)
VAT Control Account**

DR			CR		
201X	Details	£	201X	Details	£
14 July	Petty cash book	7.10			

DR			CR		
Travel					
201X	Details	£	201X	Details	£
14 July	Petty cash book	40.00			

DR			CR		
Postage					
201X	Details	£	201X	Details	£
14 July	Petty cash book	13.00			

DR			CR		
Stationery					
201X	Details	£	201X	Details	£
14 July	Petty cash book	20.50			