

## Lesson 9 – Use a Petty Cash Book

### Question 9.1

Which **one** of the following statements best describes the petty cash system known as the 'imprest system'?

	✓
<b>Weekly petty cash expenditure cannot exceed a set amount</b>	
<b>The petty cash float is agreed at a fixed amount and is restored at the end of an agreed period of time to the agreed amount</b>	✓
<b>Payments from petty cash cannot exceed £10</b>	

### Question 9.2

Which **one** of the following payments should not be allowable as a payment from the petty cash of a business?

	✓
<b>A donation of £10 made by the business and authorised by a senior manager to a member of staff collecting for children in need</b>	
<b>Meal allowance, agreed by the office supervisor, paid to a data processor who had to work her lunch hour to complete an urgent job</b>	
<b>Taxi fare to work claimed by the office manager's secretary when she took a taxi to work because her car had a flat tyre.</b>	✓

### Question 9.3

Today's date is Friday 31 March 201X. Your name is A Student and you are employed by A to B Logistics Ltd as an accounts clerk. Your duties include responsibility for petty cash and authorising Petty Cash Vouchers. A to B Logistics Ltd are registered for VAT. You apply the following rules to the payment of petty cash claims:

- Claims will only be paid from petty cash where the claim is supported by a receipt. Petty cash claims must not exceed £15.00.
- For each claim paid from petty cash voucher must be completed.
- Petty cash vouchers are numbered in sequence.
- The date entered on the petty cash voucher is the date the claim is submitted for payment.
- Where a petty cash claim includes VAT the petty cash voucher must show the petty cash expense amount, the VAT amount and the total amount claimed.

The following receipts have been submitted today (Friday 31 March 201X), by three employees of A to B Logistics Ltd. The amounts claimed relate to expenses incurred by the employees on behalf of the company. The employees are to be reimbursed from petty cash.

**Receipts for Petty Cash Claims Submitted Friday 31 March 201X**

**Claim for Travel –  
submitted by R Rogerson  
(Company Director)**

**Claim for Postage Stamps –  
submitted by K Liddle  
(Post Room Supervisor)**

<p><b>QUICKSILVER TAXIS</b></p> <p><b>DATE:</b> 31 March 201X</p> <p>Received with thanks £4.80 (includes VAT at 20%)</p> <p><b>Signed:</b> T Monks (Proprietor)</p> <p><b>VAT REG NO: 445 56 6778</b></p>
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<p><b>POST OFFICE MAIN STREET BRANCH ANYTOWN</b></p> <p><b>RECEIPT    DATE:</b> 31 March 201X</p> <p>Postage Stamps £10.80 (Exempt from VAT)</p>
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**Claim for Newspapers and Journals for reception area – submitted  
by P Wallis (Receptionist)**

<p><b>K G NEWS (NEWSAGENT) FOR YOUR NEWSPAPERS, MAGAZINES AND GREETINGS CARDS</b></p> <p><b>RECEIPT</b></p> <p>Received with thanks £8.00 for daily newspapers and magazines as ordered. (No VAT goods zero rated).</p> <p><b>Signed:</b> <i>K G Foster</i></p> <p><b>Date:</b> 31 March 201X</p> <p><b>VAT REG NO: 362 14 8652</b></p>
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You are required to prepare a petty cash voucher for each of the claims submitted. You can sign the 'authorised by' line on the voucher, but leave the 'claimant' line blank as the vouchers will be signed by each of the claimants when they call at your office later today to pick up the amount due.

**Note:** The last petty cash voucher you prepared was in respect of a claim paid yesterday (Thursday 30 March 201X). The voucher was numbered 95.

The following three proforma petty cash vouchers are provided for your use in completing the above task:

No: <b>96</b>		
<b>Petty Cash Voucher</b>		
Date: <b>31 March 201X</b>		
	AMOUNT	
	£	p
<b>Taxi fare</b>	<b>4</b>	<b>00</b>
<b>VAT</b>		<b>80</b>
<b>Total</b>	<b>4</b>	<b>80</b>
Claimant: _____		
Authorised by: <u>A Student</u>		

No: <b>97</b>		
<b>Petty Cash Voucher</b>		
Date: <b>31 March 201X</b>		
	AMOUNT	
	£	P
<b>Postage stamps</b>	<b>10</b>	<b>80</b>
<b>Total</b>	<b>10</b>	<b>80</b>
Claimant: _____		
Authorised by: <u>A Student</u>		

No: <b>98</b>		
<b>Petty Cash Voucher</b>		
Date: <b>31 March 201X</b>		
	AMOUNT	
	£	p
<b>Newspapers and magazines</b>	<b>8</b>	<b>00</b>
<b>Total</b>	<b>8</b>	<b>00</b>
Claimant: _____		
Authorised by: <u>A Student</u>		

### Question 9.4

You have recently been appointed as petty cashier at the firm where you are employed. You keep a Petty Cash Book which is balanced off at the end of each month.

At 31 May 201X you balance off the Petty Cash Book and calculate the closing balance to be £48.95. On checking the petty cash box, you find it contains the following denominations of notes and coins:

<b>Denomination (notes and coins)</b>	<b>Quantity in Box</b>
£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 in the Petty Cash Book with the contents of the petty cash box as at 31 May 201X by completing the form below:

<b>Reconciliation of Petty Cash Book Balance with Contents of Petty Cash Box</b>			
Date: <u>31 May 201X</u>			
<b>Contents of Petty Cash Box</b>			
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		06
1p coins	4		04
<b>Total per Petty Cash Box</b>		<b>48</b>	<b>95</b>
<b>Balance per Petty Cash Book</b>		<b>48</b>	<b>95</b>
<b>Difference</b>		<b>0</b>	<b>0</b>

### Question 9.5

**1** At 1 March 201X the petty cash book of a business carried a balance of £100.00. Enter this amount as a balance brought forward (balance b/f) in the petty cash book provided.

**2** Enter the following petty cash transactions for the month of March 201X in the petty cash book:

The voucher amounts include VAT at 20% unless indicated otherwise.

#### **201X**

- 3 Mar Voucher no. 31: taxi fare £9.60
- 6 Mar Voucher no. 32: parcel postage £4.70 (no VAT)
- 8 Mar Voucher no. 33: pencils £2.70
- 9 Mar Voucher no. 34: train fare £10.95 (no VAT)
- 12 Mar Voucher no. 35: window cleaner £5.00 (no VAT)
- 13 Mar Voucher no. 36: printer paper £5.04
- 14 Mar Voucher no. 37: donation NSPC £10.00 (no VAT)
- 19 Mar Voucher no. 38: rail fare £11.20 (no VAT)
- 23 Mar Voucher no. 39: recorded delivery postage £2.50 (no VAT)
- 26 Mar Voucher no. 40: Sellotape £3.00
- 28 Mar Voucher no. 41: Stamps £7.68 (no VAT)
- 31 Mar Voucher no. 42: taxi fare £12.00

**3** Balance off the Petty Cash Book at 31 March 201X, and restore the petty cash imprest balance. An amount was withdrawn from the bank account at 31 March 201X for the purpose of restoring the imprest balance.

### Petty Cash Book

Receipts £: p	201X	Details	Voucher No.	Total Payment £: p	Analysis Columns				
					VAT £: p	Travel £: p	Postage £: p	Stationery £: p	Sundries £: p
<b>100.00</b>	<b>1 March</b>	<b>Balance b/f</b>							
	<b>3 March</b>	<b>Taxi fare</b>	<b>31</b>	<b>9.60</b>	<b>1.60</b>	<b>8.00</b>			
	<b>6 March</b>	<b>Parcel post</b>	<b>32</b>	<b>4.70</b>			<b>4.70</b>		
	<b>8 March</b>	<b>Pencils</b>	<b>33</b>	<b>2.70</b>	<b>0.45</b>			<b>2.25</b>	
	<b>9 March</b>	<b>Train fare</b>	<b>34</b>	<b>10.95</b>		<b>10.95</b>			
	<b>12 March</b>	<b>Window cleaner</b>	<b>35</b>	<b>5.00</b>					<b>5.00</b>
	<b>13 March</b>	<b>Printer paper</b>	<b>36</b>	<b>5.04</b>	<b>0.84</b>			<b>4.20</b>	
	<b>14 March</b>	<b>Donation NSPC</b>	<b>37</b>	<b>10.00</b>					<b>10.00</b>
	<b>19 March</b>	<b>Rail fare</b>	<b>38</b>	<b>11.20</b>		<b>11.20</b>			
	<b>23 March</b>	<b>Recorded delivery</b>	<b>39</b>	<b>2.50</b>			<b>2.50</b>		
	<b>26 March</b>	<b>Sellotape</b>	<b>40</b>	<b>3.00</b>	<b>0.50</b>			<b>2.50</b>	
	<b>28 March</b>	<b>Stamps</b>	<b>41</b>	<b>7.68</b>			<b>7.68</b>		
	<b>31 March</b>	<b>Taxi fare</b>	<b>42</b>	<b>12.00</b>	<b>2.00</b>	<b>10.00</b>			
		Sub-total		<b>84.37</b>	<b>5.39</b>	<b>40.15</b>	<b>14.88</b>	<b>8.95</b>	<b>15.00</b>
	31 March	Balance c/d		<b>15.63</b>					
<b>100.00</b>		Totals		<b>100.00</b>					
<b>15.63</b>	31 March	Balance b/d							
<b>84.37</b>	31 March	Bank							
<b>100.00</b>	31 March	Balance c/f							

### Question 9.6

You are responsible for keeping the petty cash book for CJ Building Supplies. The business uses the imprest system of petty cash. The imprest balance has been agreed 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 ended 7 May 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.

No: 65		
<b>Petty Cash Voucher</b>		
Date: 6 May 201X		
	AMOUNT	
	£	P
Parcel post	6	90
<b>Total</b>	6	90
Claimant:	P Storey	
Authorised by:	A Student	

No: 66		
<b>Petty Cash Voucher</b>		
Date: 6 May 201X		
	AMOUNT	
	£	P
Marker pens	3	50
VAT		70
<b>Total</b>	4	20
Claimant:	K Lee	
Authorised by:	A Student	

No: 67		
<b>Petty Cash Voucher</b>		
Date: 7 May 201X		
	AMOUNT	
	£	P
Rail Fare	15	00
<b>Total</b>	15	00
Claimant:	Y Lin	
Authorised by:	A Student	

No: 68		
<b>Petty Cash Voucher</b>		
Date: 7 May 201X		
	AMOUNT	
	£	P
Postage stamps	6	40
<b>Total</b>	6	40
Claimant:	P Storey	
Authorised by:	A Student	

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Enter the four petty cash vouchers in the petty cash book provided below. Balance off the petty cash book and show the closing petty 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 May	Balance b/f						
	1 May	Parcel post	60	9.50		9.50		
	2 May	Copier paper	61	15.90	2.65		13.25	
	3 May	Taxi fare	62	15.00	2,50			12.50
	4 May	Labels	63	7.50	1.25		6.25	
	5 May	Parcel post	64	4.50		4.50		
	<b>6 May</b>	<b>Parcel post</b>	<b>65</b>	<b>6.90</b>		<b>6.90</b>		
	<b>6 May</b>	<b>Marker pens</b>	<b>66</b>	<b>4.20</b>	<b>0.70</b>		<b>3.50</b>	
	<b>7 May</b>	<b>Rail fare</b>	<b>67</b>	<b>15.00</b>				<b>15.00</b>
	<b>7 May</b>	<b>Postage stamps</b>	<b>68</b>	<b>6.40</b>		<b>6.40</b>		
		Sub-total		<b>84.90</b>	<b>7.10</b>	<b>27.30</b>	<b>23.00</b>	<b>27.50</b>
	7 May	Balance c/d		<b>15.10</b>				
<b>100.00</b>		Totals		<b>100.00</b>				
<b>15.10</b>	7 May	Balance b/d						
<b>84.90</b>	7 May	Bank						
<b>100.00</b>	7 May	Balance c/f						

### Question 9.7

A business keeps 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 £120.00, 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 ended 14 June 201X.

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

## Level 2 Certificate 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: 84		
<b>Petty Cash Voucher</b>		
Date: 14 June 201X		
AMOUNT		
	£	P
Ink cartridge	15	00
VAT	3	00
<b>Total</b>	<b>18</b>	<b>00</b>
Claimant:	N Thomas	
Authorised by:	A Lim	

No: 85		
<b>Petty Cash Voucher</b>		
Date: 14 June 201X		
AMOUNT		
	£	P
Taxi fare	9	00
VAT	1	80
<b>Total</b>	<b>10</b>	<b>80</b>
Claimant:	D Virgo	
Authorised by:	A Lim	

Enter the two petty cash vouchers in the petty cash book provided below. Balance off the petty cash book and show the closing petty balance carried down and brought down at 14 June 201X. Restore the petty cash balance at 14 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	Travel £:p	Postage £:P	Stationery £:p
120.00	8 June	Balance b/f						
	8 June	Printer paper	77	9.00	1.50			7.50
	9 June	Train fare	78	16.25		16.25		
	10 June	Postage stamps	79	5.50			5.50	
	11 June	Parcel post	80	8.25			8.25	
	12 June	Taxi fare	81	15.00	2.50	12.50		
	12 June	Ink & toner	82	14.40	2.40			12.00
	13 June	Train fare	83	15.00		15.00		
	<b>14 June</b>	<b>Ink cartridge</b>	<b>84</b>	<b>18.00</b>	<b>3.00</b>			<b>15.00</b>
	<b>14 June</b>	<b>Taxi fare</b>	<b>85</b>	<b>10.80</b>	<b>1.80</b>	<b>9.00</b>		
		Sub-total		<b>112.20</b>	<b>11.20</b>	<b>52.75</b>	<b>13.75</b>	<b>34.50</b>
	14 June	Balance c/d		<b>7.80</b>				
<b>120.00</b>		Totals		<b>120.00</b>				
<b>7.80</b>	14 June	Balance b/d						
<b>112.20</b>	14 June	Bank						
<b>120.00</b>	14 June	Balance c/f						

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

**Ledger (extract)**

<b>DR</b>			<b>CR</b>		
<b>VAT Control Account</b>					
<b>201X</b>	<b>Details</b>	<b>£</b>	<b>201X</b>	<b>Details</b>	<b>£</b>
<b>14 June</b>	<b>Petty cash book</b>	<b>11.20</b>			

<b>DR</b>			<b>CR</b>		
<b>Travel</b>					
<b>201X</b>	<b>Details</b>	<b>£</b>	<b>201X</b>	<b>Details</b>	<b>£</b>
<b>14 June</b>	<b>Petty cash book</b>	<b>52.75</b>			

<b>DR</b>			<b>CR</b>		
<b>Postage</b>					
<b>201X</b>	<b>Details</b>	<b>£</b>	<b>201X</b>	<b>Details</b>	<b>£</b>
<b>14 June</b>	<b>Petty cash book</b>	<b>13.75</b>			

<b>DR</b>			<b>CR</b>		
<b>Stationery</b>					
<b>201X</b>	<b>Details</b>	<b>£</b>	<b>201X</b>	<b>Details</b>	<b>£</b>
<b>14 June</b>	<b>Petty cash book</b>	<b>34.50</b>			