

Name _____

2.3.7 Petty Cash Journal

Example of a Petty Cash Journal

Explanation of a Petty Cash Journal

(This explanation must be studied together with the example in 2.3.7)

- 1 Name of the subsidiary journal, name of the business and the month in which the journal was prepared.
- 2 Folio reference number of the Petty Cash Journal.
- 3 Petty cash vouchers issued for purchases. These should be in numerical order.
- 4 Day in which the transaction took place.
- 5 Write down what is paid for out of the petty cash.
- 6 Folio numbers of debtors in the Debtors Ledger. Posting to the Debtors Ledger is done on a daily basis.
- 7 Total amount paid out of the petty cash per transaction.
- 8 Analysis column for Postage.
- 9 Analysis column for Stationery.
- 10 If there is no analysis for a transaction, the transaction will be entered in the Sundry column.
- 11 Total amount paid out of the petty cash per transaction
- 12 The folio number will be used to indicate the account the amount will be posted to in the General Ledger.
- 13 The account in the General Ledger.

More about Petty cash

The Petty Cash Journal is used to make small cash payments. Each payment that occurs is written down on a petty cash voucher (source document) and authorised by the petty cash cashier and senior manager of the business. Where possible, all external source

Petty Cash Journal of Enough Traders (1) – May 2010							PCJ (2)		
Doc	Day	Details	Fol	Petty cash	Postage	Stationery	Sundry account (10)		
							Amount	Fol	Details
(3)	(4)	(5)	(6)	(7)	(8)	(9)	(11)	(12)	(13)

documents should be attached to the petty cash voucher.

When the petty cash cashier needs money for the petty cash box, the head cashier issues a cheque which is recorded in the CPJ. "Cash" will be written on the cheque, because it will be exchanged for cash. The amount will be posted to the debit side of the petty cash account in the general ledger. The amount is the advance given to the petty cash cashier.

Normally, it is said that an imprest system is used. This means that the opening balance should be the same every month. At the end of the month, a cheque is drawn so that the end total is the same as the opening balance. Sometimes it happens that the cheque is only drawn at the beginning of the following month.

If too many payments were made from the petty cash during the month, additional money can be requested from the head cashier. A cash cheque is exchanged and put in petty cash. This cheque is entered in the Cash Payments Journal and posted to the petty cash account in the general ledger.

Example

The aim of this example is to show how to restore the petty cash balance.

Transactions: June 2011

- 1 The business decides to have a petty cash box for small transactions. The head cashier writes out cheque 210 for R500 and gives the money to the petty cash cashier.
- 15 The petty cash cashier sees that there is not enough money in the kitty and requests a further R200. Write out a cash cheque for R200.
- 30 The total payments from the Petty Cash Journal were R658.
Write out cheque 267 to restore the petty cash balance.

Solution

Dr.				Petty Cash				B8	Cr.
Jun	1	Bank	CPJ	500	Jun	30	Total payments	PCJ	658
	15	Bank	CPJ	200			Balance	c/d	500
	30	Bank	CPJ	458					
				1 158					1 158
Jul	1	Balance	b/d	500					

Explanation

- 1 The amount of R658 on the credit side of the petty cash account is the payments made during the month and entered in the Petty Cash Journal.
- 2 It is very important that the R500 that was in the kitty at the beginning of the month must be the same as the balance at the end of the month. To get the amount of R500 at the end of the month, one needs to work backwards.

- 3 Write in balance (c/d) and the balance (b/d).
- 4 Add the debit side: $R500 + R200 = R700$.
- 5 Subtract the debit side from the credit side: $R1\ 158 - R700 = R458$.
- 6 The amount of R458 must be requested from the head cashier to restore the petty cash balance.

Activity 11 (Petty Cash Journal)

Required

Use the following information from Lonely Traders to prepare the Petty Cash Journal for June 2010.

Transactions: June 2010

- 4 Buy stationery for R80 from SNA Traders with money from the petty cash. Issue petty cash voucher 76.
- 12 Pay R180 out of the petty cash for carriage fees to TS Transporters. This fee was paid on behalf of a debtor (S, Small) for credit sales. The amount must be debited against the debtor's account. Issue petty cash voucher 77.
- 21 Pay R78 postage to the Post Office and issue petty cash voucher 78.
- 24 Buy trading stock from AB Wholesalers for R200 and issue petty cash voucher 79.
- 27 Buy stationery for R230 from SNA Traders and pay out of the petty cash. Issue petty cash voucher 80.
- 30 Pay R150 out of the petty cash for a cleaner to wash the office windows. Issue petty cash voucher 81.

Answer sheet

Petty Cash Journal of Lonely Traders – June 2010

PCJ

Doc	Day	Details	Fol	Petty cash	Postage	Stationery	Sundry account		
							Amount	Fol	Details