

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 11 commerce Sub. ACT Date 14.10.2020

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Recording of Transactions-II

Petty Cash Book

In every organisation, a large number of small payments such as conveyance, cartage, postage, telegrams and other expenses (collectively recorded under miscellaneous expenses) are made. These are generally repetitive in nature. If all these payments are handled by the cashier and are recorded in the main cash book, the procedure is found to be very cumbersome. The cashier may be overburdened and the cash book may become very bulky. To avoid this, large organisations normally appoint one more cashier (petty cashier) and maintain a separate cash book to record these transactions. Such a cash book maintained by petty cashier is called petty cash book. The petty cashier works on the Imprest system. Under this system, a definite sum, say Rs. 2,000 is given to the petty cashier at the beginning of a certain period. This amount is called imprest amount. The petty cashier goes on making all small payments out of this imprest amount and when he has spent the substantial portion of the imprest amount say Rs.1,780, he gets reimbursement of the amount spent from the head cashier. Thus, he again has the full imprest amount in the beginning of the next period. The reimbursement may be made on a weekly, fortnightly or monthly basis, depending on the frequency of small payments. (In certain cases, the petty cash system is operated through the main cash book itself. In such instances, the petty cash book is not maintained independently.)

The petty cash book generally has a number of columns for the amount on the payment side (credit) besides the first other amount column. Each of the amount columns is allotted for items of specific payments, which are most common. The last amount column is designated as 'Miscellaneous' followed by a 'Remarks' column. In the miscellaneous column those payments are recorded for which a separate column does not exist. In the 'Remarks' the nature of payment is recorded. At the end of the period, all amount columns are totaled. The total amount column shows the total amount spent and to be reimbursed. On the receipt (debit) side, there is only one amount column. Columns for the date, voucher number and particulars are common for both receipts and payments.

For example, Mr. Mohit, the petty cashier of M/s Samaira Traders received Rupees 2,000 on May 01, 2017 from the Head Cashier. For the month, details of petty expenses are listed here under:

<i>Date</i>	<i>Details</i>	<i>Amount Rs.</i>
2017		
May		
02	Auto fare	55
03	Courier services	40
04	Postal stamps	105
05	Erasers/Sharpener/Pencils/Pads	225
06	Speed post charges	98
08	Taxi fare (Rs.105 + Rs.90)	195
08	Refreshments	85
10	Auto fare	60
12	Registered postal charges	42
13	Telegram	34
14	Cartage	25
16	Computer stationery	165
19	Bus fare	24
19	STD call charges	87
20	Office sanitation including disinfectant (Rs. 36 + Rs. 24)	60
22	Refreshment	45
23	Photo stating charges	47
28	Courier services	40
29	Unloading charges	40
30	Bus fare	15

Posting from the Petty Cash Book

The petty cash book is balanced periodically. The difference between the total receipts and total payments is the balance with the petty cashier. The balance is carried to the next period and the petty cashier is paid the amount actually spent. A petty cash account is opened in the ledger. It is debited with the amount given to petty cashier. Each expense account is individually debited with the periodic total as per the respective column by writing "petty cash account" and the petty cash account is credited with the total expenditure incurred during the period by writing sundries as per petty cash book. The petty cash account is balanced. It reflect the actual cash with the petty cashier.

The petty cash book for the month will be prepared as follows :

Book of Samaira Traders

Petty Cash Book

Amount Received	Date	Particulars	Voucher No.	Amount paid	Analysis of Payments				
					Postage	Telephone & Telegram	Conveyance	Stationery	Misc.
Rs.	2017			Rs.					
	May								
2,000	01	Cash received							
	02	Auto fare		55			55		
	03	Courier services		40	40				
	04	Postal stamps		105	105				
	05	Erasers/Sharpeners /Pencils		225				225	
	06	Speed post charges		98	98				
	08	Taxi fare (105 + 90)		195			195		
	08	Refreshments		85					85
	10	Auto fare		60			60		
	12	Registered postal charges		42	42				
	13	Telegram		34		34			
	14	Cartage		25					25
	16	Computer stationery		165				165	
	19	Bus fare		24			24		
	19	STD call charges		87		87			
	20	Office sanitation including disinfectant (36+24)		60					60
	22	Refreshment		45					45
	23	Photo stating charges		47					47
	28	Courier services		40	40				
	29	Unloading charges		40					40
	30	Bus fare		15			15		
				1,487	325	121	349	390	302
	31	Balance c/d		513					
2,000				2,000					
	Jun.								
513	01	Balance b/d							
1,487	01	Cash received							

**Books of Samaira Traders
Journal**

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2017 May 01	Petty cash A/c Dr. To Cash A/c (Cash paid to petty cashier)		2,000	2,000
May 31	Postage A/c Dr. Telephone & Telegram A/c Dr. Conveyance A/c Dr. Stationary A/c Dr. Miscellaneous expenses A/c Dr. To Petty cash A/c (Petty expenses posted to petty cash account)		325 121 349 390 302	1,487
	Petty cash A/c Dr. To Cash A/c (Cash paid to petty cashier)		1,487	1,487

Petty Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 May 01	Cash		2,000	2017 May 31	Sundries as per petty cash book		1,487
				May 31	Balance c/d		513
			2,000				2,000
Jun. 01	Balance b/d		513				
Jun. 01	Cash		1,487				

**Books of Samaria Traders
Postage Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 May 31	Petty cash		325				

Telephone and Telegram Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 May 31	Petty cash		121				

Conveyance Account

Dr.				Cr.			
<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 May 31	Petty cash		349				

Stationery Account

Dr.				Cr.			
<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 May 31	Petty cash		390				

Miscellaneous Expenses Account

Dr.				Cr.			
<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>	<i>Date</i>	<i>Particulars</i>	<i>J.F.</i>	<i>Amount Rs.</i>
2017 May 31	Petty cash		302				