

**Course
&
Test Series**

Manual Accounting - Module 17

 **CBSE**

 **ICSE**

 **NTSE**

 **Banking &
Insurance**

 **Central Govt.
Service**

 **State Govt.
Services**

 **LAW
Entrance**

 **MBA
Entrance**

 **Railways & Metro
Services**

...many more

abhyasonline.in

Petty Cash Book

The **Petty Cash Book** is a specialized accounting book used to record small and frequent transactions that involve minor expenses. These expenses are typically too small to justify writing a full-sized cheque or recording in the main cash book.

Purpose and Importance

- 1. Management of Small Expenses:** It helps manage and record minor daily expenses efficiently, such as office supplies, postage, or minor repairs.
- 2. Convenience:** It provides a convenient way to track and manage petty cash without disrupting the main cash book.
- 3. Control and Accountability:** Ensures that small cash expenditures are documented and controlled to avoid misuse or mismanagement.
- 4. Simplified Accounting:** Simplifies the accounting process by summarizing petty cash transactions before they are reconciled and entered into the main accounts.

Date	Particulars	Voucher No.	LF	Cash	Postage	Stationery	Repairs	Miscellaneous
01/01/2024	Opening Balance			2,000				
02/01/2024	Office Supplies	001		500		500		
03/01/2024	Postage	002		200	200			
04/01/2024	Repair Work	003		300			300	
05/01/2024	Miscellaneous Expense	004		150				150
...
31/01/2024	Total			1,150	200	500	300	150
	Closing Balance							

Key Columns in the Petty Cash Book:

- 1. Date:** The date on which the transaction took place.
- 2. Particulars:** Description of the transaction or the nature of expense.
- 3. Voucher No.:** A unique number assigned to the voucher or receipt for the transaction.

**Course
&
Test Series**

Manual Accounting - Module 17

 **CBSE**

 **ICSE**

 **NTSE**

 **Banking &
Insurance**

 **Central Govt.
Service**

 **State Govt.
Services**

 **LAW
Entrance**

 **MBA
Entrance**

 **Railways & Metro
Services**

...many more

abhyasonline.in

4. **LF:** Ledger Folio, which refers to the page number in the ledger where the transaction is posted.
5. **Cash:** The amount spent in cash for various categories.
6. **Postage:** Expenses related to mailing or postage.
7. **Stationery:** Expenses for office supplies such as pens, paper, etc.
8. **Repairs:** Costs related to maintenance or repair of equipment.
9. **Miscellaneous:** Other small expenses that do not fit into the above categories.
10. **Total:** The total amount spent in the petty cash book for the period.

Types of Petty Cash Systems

1. **Imprest System:**
 - A fixed amount of cash is kept in the petty cash fund.
 - At regular intervals, this amount is replenished by transferring an equivalent sum from the main cash book.
 - This system maintains control and ensures that petty cash is only used for intended purposes.
2. **Float System:**
 - Cash is replenished periodically or when it falls below a certain amount.
 - The total amount of petty cash is not fixed; it varies with expenses.

Solved Question for Petty Cash Book

Question: ABC Ltd. maintains a petty cash book using the imprest system. On April 1, 2024, the petty cash balance is ₹5,000. During the month of April, the following transactions occurred:

1. **April 2:** Purchased office supplies for ₹700.
2. **April 5:** Paid ₹400 for postage.
3. **April 10:** Spent ₹1,000 on repairs.
4. **April 15:** Bought stationery for ₹500.
5. **April 20:** Paid ₹300 for miscellaneous expenses.
6. **April 25:** Received ₹150 as reimbursement for a returned item.
7. **April 30:** The petty cash is reconciled, and the remaining cash in hand is ₹2,050.

Calculate the total amount spent during the month and determine the amount needed to replenish the petty cash to its original balance.

**Course
&
Test Series**

Manual Accounting - Module 17

-  **CBSE**
-  **ICSE**
-  **NTSE**
-  **Banking & Insurance**
-  **Central Govt. Service**
-  **State Govt. Services**
-  **LAW Entrance**
-  **MBA Entrance**
-  **Railways & Metro Services**
- ...many more**
- abhyasonline.in**

Date	Particulars	Voucher No.	LF	Cash	Postage	Stationery	Repairs	Miscellaneous
01/04/2024	Opening Balance			5,000				
02/04/2024	Office Supplies	001		700		700		
05/04/2024	Postage	002		400	400			
10/04/2024	Repairs	003		1,000			1,000	
15/04/2024	Stationery	004		500		500		
20/04/2024	Miscellaneous Expenses	005		300				300
25/04/2024	Reimbursement Received	006		(150)				
30/04/2024	Total			2,050	400	500	1,000	300
	Closing Balance			2,050				

Assignment

Question 1: XYZ Corp. uses the imprest system for its petty cash book. On June 1, 2024, the petty cash balance is ₹8,000. During June, the following transactions occurred:

- June 2:** Paid ₹500 for office cleaning.
- June 7:** Spent ₹1,200 on minor repairs.
- June 10:** Purchased office supplies worth ₹750.
- June 15:** Paid ₹450 for courier charges.
- June 20:** Reimbursed ₹100 for a returned item.
- June 25:** Spent ₹350 on refreshments for a meeting.
- June 30:** The petty cash is reconciled, showing ₹3,500 in hand.

Calculate the total amount spent during the month and determine the amount needed to replenish the petty cash to its original balance.

Question 2: ABC Ltd. started its petty cash book with a balance of ₹4,500 on March 1, 2024. During March, the following transactions occurred:

- March 2:** Paid ₹1,000 for stationery.
- March 5:** Paid ₹600 for postage.
- March 10:** Purchased office equipment worth ₹800.
- March 15:** Paid ₹200 for miscellaneous expenses.



Course
&
Test Series

Manual Accounting - Module 17

5. **March 20:** Received ₹250 as reimbursement for a returned purchase.
6. **March 30:** The petty cash book shows ₹2,050 in hand.

Calculate the total expenditure for the month and the amount required to restore the petty cash to its initial balance.

Question 3: PQR Ltd. maintains a petty cash book using the imprest system. The petty cash balance on **July 1, 2024** was ₹6,000. During the month, the following transactions occurred:

1. **July 2:** Paid ₹800 for office cleaning services.
2. **July 5:** Spent ₹1,500 on minor repairs.
3. **July 10:** Purchased office supplies for ₹1,200.
4. **July 15:** Paid ₹300 for postage.
5. **July 18:** Reimbursed ₹200 for a returned item.
6. **July 25:** Spent ₹600 on meeting refreshments.
7. **July 31:** The petty cash book shows ₹1,400 in hand.

Determine the total expenditure and the amount required to replenish the petty cash to its original balance.

Question 4: LMN Ltd. uses the imprest system for its petty cash. The petty cash balance on **August 1, 2024** was ₹10,000. During August, the following transactions were recorded:

1. **August 3:** Paid ₹1,200 for office supplies.
2. **August 7:** Spent ₹1,000 on minor repairs.
3. **August 12:** Paid ₹700 for courier services.
4. **August 18:** Purchased refreshments worth ₹400.
5. **August 22:** Received ₹300 as reimbursement for a returned item.
6. **August 30:** The petty cash balance is found to be ₹5,000.

Calculate the total amount spent and the amount needed to restore the petty cash to its original balance.

Question 5: DEF Ltd. maintains a petty cash fund with an imprest system. On **October 1, 2024**, the petty cash balance was ₹7,000. During October, the following transactions occurred:

1. **October 2:** Paid ₹900 for office cleaning.
2. **October 5:** Spent ₹500 on minor repairs.
3. **October 10:** Purchased stationery for ₹650.
4. **October 15:** Paid ₹400 for postage.
5. **October 20:** Received ₹150 as reimbursement for a returned item.

 CBSE

 ICSE

 NTSE

 Banking & Insurance

 Central Govt. Service

 State Govt. Services

 LAW Entrance

 MBA Entrance

 Railways & Metro Services

...many more

abhyasonline.in

Course
&
Test Series

Manual Accounting - Module 17

6. October 25: Paid ₹250 for miscellaneous expenses.
7. October 31: The petty cash book shows ₹3,000 in hand.

Calculate the total expenditure for the month and the amount required to restore the petty cash to its original balance.

 CBSE

 ICSE

 NTSE

 Banking & Insurance

 Central Govt. Service

 State Govt. Services

 LAW Entrance

 MBA Entrance

 Railways & Metro Services

...many more

abhyasonline.in

