

Petty Cash Book

MEANING OF KEY TERMS USED IN THE CHAPTER

1. **Petty Cash Book** It is a Cash Book in which payments of small amounts are recorded.
2. **Imprest System of Petty Cash** It is a system whereby an estimate of expenditure is made and the estimated amount is given to the Petty Cashier. Thereafter, the statement of expenses is submitted at the end of the designated period, which is reimbursed to him to make the petty cash equal to the original petty cash amount.

CHAPTER SUMMARY

- **Petty Cash Book.** This book is maintained for recording petty payments or expenses in cash.
A Petty Cash Book may be maintained from recording point of view, under two different systems, namely:
1. Simple Petty Cash Book; 2. Analytical Petty Cash Book.
- **Advantages of Analytical Petty Cash Book**
 1. All the heads of petty expenses are ready at hand at one place in one book.
 2. A summarised record of petty expenses under each head can be made at a time in the ledger.
 3. Errors and frauds can be detected easily and early through double check (the total of expenses columns must tally with the total of payments column).
- **Imprest System of Petty Cash.** The most effective system of recording the transactions in the Petty Cash Book is the 'Imprest Petty Cash System'. Under this system, the Petty Cashier is given a certain amount of cash for a particular period (say for a week or a fortnight or a month) to meet various petty expenses for the period. At the end of the period, the amount actually spent by the Petty Cashier is reimbursed to him by the Head Cashier.

A specimen format of a Simple Petty Cash Book is given below:

SIMPLE PETTY CASH BOOK							
Dr.							Cr.
Amount Received ₹	L.F.	Cash Book Folio	Date	Particulars	L.F.	Voucher No.	Amount Paid ₹
Amount Received	
				Amount Paid	

A specimen format of Analytical Petty Cash Book is given below:

ANALYTICAL PETTY CASH BOOK

Receipts	Date	Voucher No.	Particulars	Total Payments	Conveyance	Cartage	Stationery	Postage and Courier	Sundries
₹				₹	₹	₹	₹	₹	₹

bodhiyla.com