

CONCEPT: PETTY CASH

- The company will regularly spend money on trivial items, such as _____ or _____
 - ☐ **Petty Cash** – a small cash fund for paying trivial expenses
- A Company creates the petty cash fund by _____ a custodian for petty cash and giving them the cash:

Clutch Prep appoints Alvaro, the office manager, to be in charge of the new petty cash fund, giving him \$100.

Journal Entry:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
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- Throughout the period, the custodian will _____ items using the petty cash.
 - ☐ The custodian MUST keep vendor _____ and an internal pre-numbered petty cash _____
 - ☐ _____ journal entries are made during the period for these purchases
- Eventually, we must _____ the petty cash fund

Alvaro submits a request for an \$84 check to replenish the petty cash fund. Alvaro's receipts in the petty cash box include \$42 for postage, \$18 for supplies, and \$24 for deliveries.

Journal Entry for Expenses:

Journal Entry to Replenish Petty Cash:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
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- If the receipts and the expenses don't match up, we use the **Cash Over and Short** account for the discrepancy

Alvaro notes that \$17 are left in his petty cash fund and asks for a \$83 check to replenish the fund. Alvaro's receipts in the petty cash box include \$42 for postage, \$18 for supplies, and \$24 for deliveries.

Journal Entry for Expenses:

Journal Entry to Replenish Petty Cash:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
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