

What is the Petty Cash Imprest system, and why would a business use it?

The Petty cash imprest system allows only the replenishment of the spend made. So, if you start the month with €100 in your petty cash float and spend €90 of that cash in the month, an amount of €90 will be then placed in your petty cash float to bring the balance of your petty cash float back to €100. The replenishment is credited to the primary cash account, usually a bank account (Dr - Petty Cash a/c, Cr - Bank a/c) and the debits will go to the respective expense accounts, based on the petty cash receipt docketts (Dr- Expense a/c, Cr - Petty Cash a/c). It exercises control, because the total of the receipts plus the remaining cash must always equal the designated Petty Cash Balance.

Start off by withdrawing 100 from the bank and putting it into the petty cash tin or lock box. Do this by means of an account transfer transaction in SortMyBooks.

The screenshot shows the 'Transfer' form in SortMyBooks. The 'Amount' field is set to 100. The 'Account' dropdown is set to 'Petty Cash'. The 'Actual Transfer Amount' is 100.00. The 'Payment Type' is 'Cheque'. The 'Cheque No.' is 500101. The 'Date' is 01/01/2014. A yellow box on the right contains the following text: 'Account Transfer. Transfers between bank accounts can mainly be done by Cheque (you will have to specify cheque/slip number), Electronic Fund Transfer (EFT) or Cash. There's a handy How-To on Inputting Account Transfers [here](#).' Buttons for 'OK' and 'Cancel' are at the bottom right.

Looking at the Account Control Report for the Petty Cash account, you can see the above transaction created a debit entry of 100 in the petty cash account, increasing the account by 100.

Account Control Report

Great Gifts Bank Import

Period: from 01/01/2014 to 31/12/2014
Account: Petty Cash
Currency: Euro

							Debit	Credit
Opening balance as of 01/01/2014							0.00	0.00
Transfers In	Account	Date	Reconciled Date	Link	Type	Ref	Debit	Credit
Petty Cash	Bookkeeper's Bank	01/01/2014		link	Cheque		100.00	0.00
Total:							100.00	0.00
Closing balance as of 31/12/2014							0.00	100.00
Control Report Totals							100.00	100.00

Looking at the Account Control Report for the Bookkeepers Bank account, you can see the above transaction created a credit entry of 100 in the Bookkeepers Bank account, reducing the account by 100.

Account Control Report

Great Gifts Bank Import

Period: from 01/01/2014 to 31/01/2014
 Account: Bookkeeper's Bank
 Currency: Euro

Opening balance as of 01/01/2014							3,075.76	0.00
Transfers Out	Account	Date	Reconciled Date	Link	Type	Ref	Debit	Credit
Bookkeeper's Bank	Petty Cash	01/01/2014		link	Cheque		0.00	100.00
Total:							0.00	100.00
Closing balance as of 31/01/2014							0.00	2,975.76
Control Report Totals							3,075.76	3,075.76

Now let's start spending the Petty Cash:

As money is taken out of the Petty Cash tin, receipts are put in to replace it.

- 1 Jan - Tea 5.00
- 2 Jan - Stationery 20
- 3 Jan - Handyman 50

At all times, the receipts and money must add up to the balance of the Petty Control Account, in this case 100.

Periodically, commonly at month end, the receipts are entered into the accounts, and the Petty cash is topped up again. Example:

Entering the Receipts:

These are entered like any Purchase Invoice, recording the appropriate nominal code and any VAT amounts reclaimable.

It is important to note that the payments for these items need to be recorded as coming out of the Petty Cash Account.

Details Payments Refunds Recurring Delete

Supplier: Petty Cash Purchases + Invoice No: 1 Currency: Euro Exchange Rate: 1.00000
 VAT period: Jan-Feb 2014 Note: Petty Cash Entries for January
 Date: 31/01/2014 Due: 02/03/2014 Sequence No: 132
 - add full payment
 Payment Type: Cash Bank Account: Petty Cash Cheque Number: Payment Date: 31/01/2014 EUR Equivalent: 75.00 Reference:
 The currency has been converted through xe.com which updates the currency rates hourly once. The currency rates that is shown on screen denotes the rate when the invoice has been actually created into SMBO. Please refer [xe site](#)
 Add New Line

Item	Description	Nominal	Quantity	Price	VAT rate	Net	VAT	Resale	Job	Gross
Service	Tea Bags	Office supplies	1	0.0000	23%	4.07	0.93	N	Great Gifts Bank Import	5.00
Service	Stationery	Office supplies	1	0.0000	23%	16.26	3.74	N	Great Gifts Bank Import	20.00
Service	Handyman	Office supplies	1	0.0000	Zero	50.00	0.00	N	Great Gifts Bank Import	50.00
Subtotal:										70.33
VAT total:										4.67
Total:										75.00
Amount due:										€ 75.00

Duplicate Preview History Agile Toolkit - Google Chrome OK Cancel

By looking at the Petty Cash Control Account, see that these items have credited the Petty Cash Account.

Account Control Report

Great Gifts Bank Import

Period: from 01/01/2014 to 31/01/2014
 Account: Petty Cash
 Currency: Euro

Opening balance as of 01/01/2014							0.00	0.00
Transfers In	Account	Date	Reconciled Date	Link	Type	Ref	Debit	Credit
Petty Cash	Bookkeeper's Bank	01/01/2014		link	Cheque		100.00	0.00
Total:							100.00	0.00
Payments	Account	Date	Reconciled Date	Link	Nominal	Ref Type	Debit	Credit
Petty Cash Purchases	Petty Cash	31/01/2014		link		Cash	0.00	75.00
Total:							0.00	75.00
Closing balance as of 31/01/2014							0.00	25.00
Control Report Totals							100.00	100.00

These amounts show as credits to the Petty Cash Account.

We can see by the closing balance that the Petty Cash Account is down to 25.

The final act is to replenish the Petty Cash account to bring it back up to 100.

Again this is recorded as an account transfer.

Quick Edit **Transfer** Transactions Past Cheques Aliases Delete

Amount: Actual Transfer Amount:

Account: Payment Type:

Reference: Cheque No:

Date: Slip No:

Account Transfer

Transfers between bank accounts can mainly be done by Cheque (you will have to specify cheque/slip number), Electronic Fund Transfer (EFT) or Cash.

There's a handy How-To on inputting Account Transfers [here](#).

This amount once again debits the Petty Cash Account.

Account Control Report

Great Gifts Bank Import

Period: from 01/01/2014 to 31/01/2014
Account: Petty Cash
Currency: Euro

Opening balance as of 01/01/2014		Debit	Credit						
		0.00	0.00						
Transfers In	Account	Date	Reconciled Date	Link	Type	Ref	Debit	Credit	
Petty Cash	Bookkeeper's Bank	01/01/2014		link	Cheque		100.00	0.00	
Petty Cash	Bookkeeper's Bank	31/01/2014		link	Cash	replenish Petty Cash	75.00	0.00	
Total:							175.00	0.00	
Payments	Account	Date	Reconciled Date	Link	Nominal	Ref	Type	Debit	Credit
Petty Cash Purchases	Petty Cash	31/01/2014		link			Cash	0.00	75.00
Total:							0.00	75.00	
Closing balance as of 31/01/2014						0.00	100.00		
Control Report Totals							175.00	175.00	

And credits the bank Account

Account Control Report

Great Gifts Bank Import

Period: from 01/01/2014 to 31/01/2014
Account: Bookkeeper's Bank
Currency: Euro

Opening balance as of 01/01/2014		Debit	Credit						
		3,075.76	0.00						
Transfers Out	Account	Date	Reconciled Date	Link	Type	Ref	Debit	Credit	
Bookkeeper's Bank	Petty Cash	01/01/2014		link	Cheque		0.00	100.00	
Bookkeeper's Bank	Petty Cash	31/01/2014		link	Cash	replenish Petty Cash	0.00	75.00	
Total:							0.00	175.00	
Closing balance as of 31/01/2014						0.00	2,900.76		
Control Report Totals							3,075.76	3,075.76	

Looking at the Account Statement of the Petty Cash Account, it reads like a Bank Statement, showing the initial input of cash into the tin, the 75 spend during the month, and the replenishment amount to bring it back to 100.

Account Statement

Great Gifts Bank Import

Period: from 01/01/2014 to 31/01/2014
Account: Petty Cash

Opening Balance (01/01/2014): 0.00

Date	Type	Reconciled	Account Name	Description	Amount	Balance
01/01/2014	Cash		Petty Cash	#: transfer from Bookkeeper's Bank	100.00	100.00
31/01/2014	Cash		Petty Cash	#: payment for Invoice #1 (Petty Cash Purchases)	-75.00	25.00
31/01/2014	Cash		Petty Cash	#replenish Petty Cash: transfer from Bookkeeper's Bank	75.00	100.00
-	-	-	-	-	100.00	100.00