



**RQF LEVEL v**



**TRADE: CULINARY ARTS**

**LEVEL V**

**MODULE CODE: FBSFTS501**

# **TEACHER'S GUIDE**

**Module name: PROCESSING  
FINANCIAL TRANSACTIONS**



## PROCESS FINANCIAL TRANSACTION

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## Acronyms

PCV: Petty cash voucher

RWF: Rwandan Franc

\$: USA Dollar

## Introduction

A financial transaction is an agreement or communication is an agreement, or communication between a buyer and seller to exchange goods, services or assets for payment. A financial transaction always involves one or more financial asset, most commonly money or another valuable item such as gold or silver.

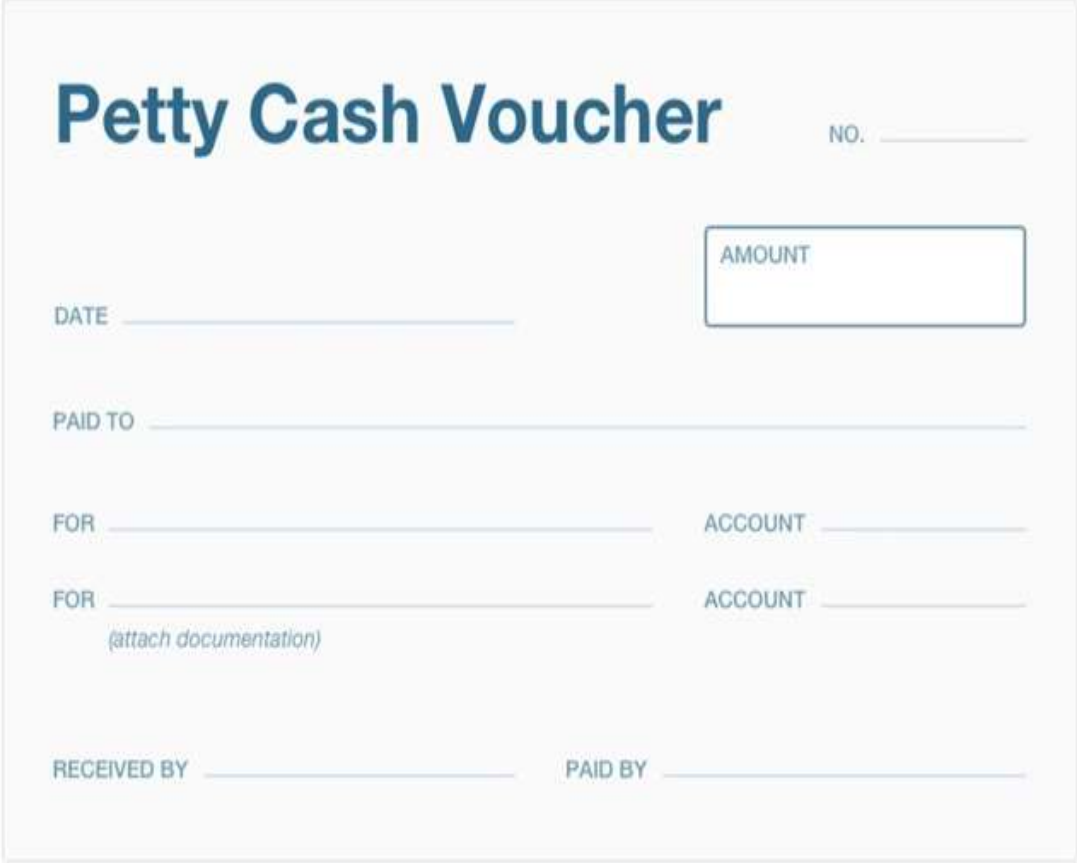
The module of processing financial transaction describes the skills, knowledge and attitudes required for a learner of certificate level v, to process financial transactions. by the end of this module, the learner will be able to record and balance petty cash transaction, to balance all transactions, in hospitality establishments without supervision.

Module Code and Title: CUAFTS501 PROCESSING FINANCIAL TRANSACTION

**Learning unit1: record and balance petty cash transaction**

**Learning unit 2: balance all transaction**

## LEARNING UNIT 1: RECORD AND BALANCE PETTY CASH TRANSACTION



The image shows a template for a Petty Cash Voucher. It is a light gray rectangular form with the title "Petty Cash Voucher" in a large, bold, blue font at the top left. To the right of the title is a field labeled "NO." followed by a horizontal line. Below the title, on the left, is a field labeled "DATE" followed by a horizontal line. To the right of the date field is a rectangular box labeled "AMOUNT". Below the date field is a field labeled "PAID TO" followed by a horizontal line. Below the "PAID TO" field are two rows of fields. The first row has "FOR" followed by a horizontal line and "ACCOUNT" followed by a horizontal line. The second row has "FOR" followed by a horizontal line and "ACCOUNT" followed by a horizontal line. Below the second "FOR" field is the text "(attach documentation)". At the bottom of the form, there are two fields: "RECEIVED BY" followed by a horizontal line and "PAID BY" followed by a horizontal line.

### structure of learning unit

#### **Learning out comes:**

- 1.1.** Ensure that petty cash vouchers are prepared in accordance with workplace procedures
- 1.2.** check petty cash claims and vouchers for accuracy and authenticity before processing
- 1.3.** Ensure that petty cash transaction are recorded



**1.4.** Ensure irregularities are noted and referred to nominated person/ section in accordance with workplace procedures

learning outcome 1.1. Ensure that petty cash vouchers are prepared in accordance with workplace procedures



**Duration: 5hrs**



Learning outcome 1 objectives:

By the end of the learning outcome, the trainees will be able to:

- 1.** Introduce record and balance petty cash transaction.
- 2.** Identify properly petty cash voucher
- 3.** Demonstrate how to prepare petty cash voucher
- 4.** Ensure irregularities noted and referred to nominated person/section in accordance with workplace procedures



**Resources**

<b>Equipment</b>	<b>Tools</b>	<b>Materials</b>
✓ <b>Computer</b> ✓ <b>projector</b>	✓ <b>Internet</b> ✓ <b>Flipchart</b> ✓ <b>Markers</b>	✓ <b>Template petty cash vouchers</b> ✓ <b>Dummy</b>



### **Advance preparation:**

- ✓ Availability of books
- ✓ Availability of computer
- ✓ Availability of internet
- ✓ Availability of dummy



## CONTET 1.1.1. INTRODUCTION TO RECORDING AND BALANCING PETTY CASH TRANSACTIONS.

### ✓ **Recording petty cash**

When a petty cash fund is in use, petty cash transactions are still recorded on financial statements. no accounting journal entries are made when purchase are made using petty cash, it's only when the custodian needs more cash- and in exchange for the receipts, receives new funds- that the journal entries are recorded.

### ✓ **balance petty cash transaction**

add up the total expenditure listed on each petty cash voucher in the petty cash fund ( the information can also come from the petty cash

book).structure this amount from the calculated  
amount of cash withdraw



### Theoretical learning Activity

In group trainees discuss on meaning of recording and balancing petty cash transaction.



### Points to Remember (Take home message)

1. The meaning of recording and balancing petty cash transaction.



### INDICATIVE CONTENT 1.1.2. DEFINITION.

- ✓ **A financial transaction:** is an agreement, or communication, carried out between a buyer and a seller to exchange an asset for payment.
- ✓ **Petty cash:** also called **cash on hand**, is a small amount of discretionary funds in the form of cash used for expenditures where it is not sensible to make any disbursement by cheque, because of the inconvenience and costs of writing, signing, and then cashing the cheque.

- ✓ **Petty cash Voucher:** is usually a small form that is used to document a disbursement (payment) from a petty cash fund. Petty cash vouchers are also referred to as petty cash receipts and can be purchased from office supply stores.



#### Theoretical learning Activity

- ✓ In the group trainees differentiate petty cash and petty cash voucher
- ✓ In the group trainee's discussion and present petty cash voucher



#### Points to Remember (Take home message)

1. The meaning of financial transaction, petty cash and petty cash voucher



### INDICATIVE CONTENT 1.1.3. PETTY CASH VOUCHER(PCV) PREPARATION

#### ***Why is it prepared***

A petty cash voucher is a standard form used as a receipt whenever cash is withdrawn from a petty cash box.

#### ***Advantages of using a petty cash voucher***

The main advantages are: Reduction in numbers of transactions: many expenses of small nature recorded in petty cash book, the number of transactions is reduced in the cash. Reduction of errors: as head cashier checks the accounts of previous month and gives advance for the coming month, does, errors if any are reduced.



### Theoretical learning Activity

In the group trainees discuss on Petty cash voucher preparation



### Points to Remember (Take home message)

1. Advantage of using Petty cash voucher.



## PROCEDURES

### INDICATIVE CONTENT 1.1.4. ELEMENTS OR AND TECHNIQUES OF A PETTY CASH VOUCHER

The petty cash voucher should provide space for the following:

- ✓ Date
- ✓ Amount disbursed
- ✓ Person receiving the money
- ✓ Reason for the disbursement
- ✓ General ledger account to be charged
- ✓ Initials of the person disbursing the money from the petty cash fund

Some petty cash vouchers are prenumbered and sometimes a number is assigned for reference and control. Receipts or other

documentation justifying the disbursement should be attached to the petty cash voucher.

When the petty cash fund is replenished, the completed petty cash vouchers provide the documentation for the replenishment check.

✓ **Example of petty cash voucher**

The image shows a sample Petty Cash Voucher form. At the top left, the title "Petty Cash Voucher" is written in a large, bold, blue font. To the right of the title is a field labeled "NO." followed by a horizontal line. Below the title, on the left, is a field labeled "DATE" followed by a horizontal line. To the right of the date field is a rectangular box labeled "AMOUNT". Below the date field is a field labeled "PAID TO" followed by a horizontal line. Below the "PAID TO" field are two rows of fields. The first row has a field labeled "FOR" followed by a horizontal line, and a field labeled "ACCOUNT" followed by a horizontal line. The second row has a field labeled "FOR" followed by a horizontal line, and a field labeled "ACCOUNT" followed by a horizontal line. Below the second "FOR" field is the text "(attach documentation)". At the bottom of the form, there are two fields: "RECEIVED BY" followed by a horizontal line, and "PAID BY" followed by a horizontal line.

In general, a PCV includes the following:

- ✓ The date and dates
- ✓ The purpose/details of the expenditure
- ✓ The amount paid
- ✓ The account number including the use code

- ✓ The signatures of the Claimant and cashier

## **ACCOUNTING AND PROCEDURE FOR PETTY CASH**

### **✓ Example of accounting for petty cash**

Let's look at an example of how petty cash accounting and procedures are performed at Company ABC. The company decided to create a petty cash fund in amount of \$100 at the beginning of February 20X1.

Vicki Smith was named the petty cash custodian; employees John, Kathy, and Amanda will sometimes use petty cash to make small business-related purchases; Eric Doe is the cash manager (*all names are imaginary and do not correspond to real persons*).

At the beginning of the month Eric issued a check for \$100 to Vicki to set up the petty cash fund. Vicki cashed the check and placed the \$100 into a secure lock box in her office drawer.

During February 20X1 John, Kathy and Amanda made one small purchase each and were reimbursed by Vicki Smith from the petty cash fund. All employees signed the vouchers and presented purchase receipts to Vicki.

The purchases were as follows:

📁 \$35.00 for delivery charges on February 12, 20X1  
(John)

📁 \$12.40 for postage on February 23, 20X1 (Kathy)

✚ \$27.60 for small travel expenses on February 27, 20X1 (Amanda)

We see now what actions and journal entries were completed in February by the company employees.

**i) Establish petty cash fund**

To establish the petty cash fund, the following *journal entry* was made after Vicki cashed the check from Eric:

Account Titles	Debit	Credit
Petty Cash	100	
Cash		100

**ii) Disburse cash for expenditures**

During the month, three employees (John, Kathy, and Amanda) made small business-related purchases. Vicki, the petty cash custodian, reimbursed the employees for the expenses incurred and obtained petty cash vouchers and purchase receipts from the employees. An example of one such voucher is presented below:

**iii) Filled out petty cash voucher**



<b>Petty Cash Voucher No. _____1_____</b>	
Date:	February 12, 20X1
Vendor:	Fast Deliveries, Inc.
For:	Delivery charges for overnight envelop
Expense Account:	Delivery Charges
Amount:	\$35.00
Less Change:	\$0.00
	<i>(include change returned by employee if any)</i>
Net Amount Spent:	\$35.00
Signed by:	John
	<i>(employee who made the purchase)</i>
Approved by:	Manager
<a href="http://simplestudies.com">simplestudies.com</a>	

Vicki took the vouchers and purchase receipts and placed them in the secure lock box with the remaining petty cash.

### ✓ **PREPARE PETTY CASH JOURNAL AND REPLENISH PETTY CASH FUND**

*Replenishment* means getting the total of the currency and coins back to the imprest amount.

At the time the petty cash fund is to be replenished or at the end of a month, whichever comes first, the custodian summarizes all expenditures in a petty cash journal. The amounts entered into the petty cash journal come from the vouchers. An example of a petty cash journal is presented below:

**Petty Cash Journal**  
For the Month or Date Range: \_\_\_\_\_

Voucher No.	Date	Total	Expenses				
			Postage	Supplies	Delivery Charges	Travel Expenses	Other
<b>Totals:</b>							

Total voucher amount: \_\_\_\_\_ (enter Totals from above in column Total)  
 Petty cash on hand: \_\_\_\_\_ (enter actual petty cash on hand)  
**Total:** \_\_\_\_\_ (sum of Totals and actual petty cash on hand)  
 Petty cash fund: \_\_\_\_\_ (established petty cash fund amount)  
 Cash short / over: \_\_\_\_\_ (difference between Total and established petty cash fund)

Signed by: \_\_\_\_\_ Date: \_\_\_\_\_  
                     (petty cash custodian)

Approved by: \_\_\_\_\_  
                     (manager)

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The petty cash journal lists all vouchers, their dates, the total amount of spending per voucher, and then individual amounts spent in respective expense account columns. The Total column should agree to the sum of all amounts in expense columns.

Underneath the table, there is a **reconciliation** of petty cash and vouchers to the petty cash fund:

- ✓ **Total voucher amount** shows the total amount of cash spent during the period. This amount comes from the last row – Totals – in column Total.

- ✓ **Petty cash on hand** represents the cash in the secure lock box on the date the petty cash journal is prepared.
- ✓ **Total** is the sum of the total voucher amount and petty cash on hand.
- ✓ **Petty cash fund** is the amount of the fund established for petty cash. As we noted earlier, this amount usually ranges from \$100 to \$500.
- ✓ **Cash short / over** is the difference between the Total and the Petty cash fund.
- ✓ Normally, the *difference should be zero*. However, sometimes the two amounts don't match. This indicates that some errors were made in recording voucher amounts, counting cash on hand, etc. If possible, the errors should be investigated and corrected. In cases when investigation still reveals a difference, it can be recorded as **cash short/over**. When the petty cash fund amount is higher than the sum of vouchers and petty cash on hand, there is *cash shortage (loss)*; and vice versa, if the petty cash fund is lower, then there is *cash overage (gain)*.
- ✓ After the petty cash journal is prepared and reconciliation is completed, the journal should be signed by appropriate employees as evidence of their work on the journal.
- ✓ The petty cash journal serves as the basis for the journal entry to record expenses and to replenish the petty cash fund. The total in each expense column represents a debit entry, and the total of all debits represents the amount

of cash to be replenished. Cash shortages or overages either increase or decrease the replenishing amount, respectively. The cash shortage is recorded as an expense, and the cash overage if recorded as an income.

The journal entry looks like this:

Account Titles	Debit	Credit
Postage Expense	000	
Supplies Expense	000	
Delivery Charges	000	
Travel Expenses	000	
Cash Short / Over	000	
Cash		000

The cash manager verifies all vouchers and petty cash on hand and then issues a new check for the amount of all debits (plus any cash shortages and less any cash overages) to the petty cash custodian to replenish the petty cash fund.

As you can see, the petty cash account is only debited once when the petty cash fund is established. Any journal entries after that don't impact the petty cash account. The only exception to this rule is when the petty cash fund amount is decreased or increased. When expenses are recorded, the cash account is impacted, not the petty cash account.

Note that this *petty cash fund* is also sometimes called an **imprest fund** because it is replenished when it becomes low.

#### **iv) Summarize expenditures for the period**

At the end of the month, Vicki filled out the petty cash journal using the three vouchers, which she received from John, Kathy, and Amanda. Note that Vicki obtained vouchers for a total of \$75 (i.e., \$35.00 + \$12.40 + \$27.60).

A filled out petty cash journal is presented below:

✓ **FILLED OUT PETTY CASH JOURNAL**

Petty Cash Journal							
For the Month or Date Range: <u>February 20X1</u>							
Voucher No.	Date	Total	Expenses				
			Postage	Supplies	Delivery Charges	Travel Expenses	Other
1	12-Feb	\$ 35.00			\$ 35.00		
2	23-Feb	\$ 12.40	\$ 12.40				
3	27-Feb	\$ 27.60				\$ 27.60	
<b>Totals:</b>		\$ 75.00	\$ 12.40		\$ 35.00	\$ 27.60	

Total voucher amount:	\$ 75.00	(enter Totals from above in column Total)
Petty cash on hand:	\$ 24.00	(enter actual petty cash on hand)
<b>Total:</b>	<b>\$ 99.00</b>	(sum of Totals and actual petty cash on hand)
Petty cash fund:	\$ 100.00	(established petty cash fund amount)
Cash short / over:	\$ (1.00)	(difference between Total and established petty cash fund)

<b>Signed by:</b> <u>Vicki Smith</u> <div style="text-align: center; font-size: small;">(petty cash custodian)</div>	<b>Date:</b> <u>February 28, 20X1</u>
<b>Approved by:</b> <u>Eric Doe</u> <div style="text-align: center; font-size: small;">(manager)</div>	

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As you can see, there was an error in handling cash during the month as the sum of vouchers (\$75) and the remaining petty cash on hand (\$24) equals \$99 while *the petty cash*

*fund* (**imprest fund**) was established at \$100. The difference of \$1 is a cash shortage.

### **V) Replenish petty cash fund**

The journal entry to post the monthly petty cash activity and related expenses is presented below:

Account Titles	Debit	Credit
Postage Expense	12.40	
Delivery Charges	35.00	
Travel Expenses	27.60	
Cash Short / Over	1.00	
Cash		76.00

When the journal entry is posted, Eric, the cash manager, issued a new check to Vicki, the custodian, for \$76 (i.e., \$75 expenses plus \$1 to cover cash shortage). Vicki cashed the check and put the cash in the secure lock box to be used in the following month.

Those are usual activities and journal entries in accounting for petty cash



### Theoretical learning Activity

- ✓ In group trainees identify elements of petty cash voucher



### Points to Remember (Take home message)

1. Elements of petty cash voucher.



### Learning outcome 1. Formative assessment

1. Define the following terms:
  - A) Financial transaction
  - B) Petty cash
  - C) Petty cash voucher
2. Outline six (6) element of petty cash voucher?
3. What PCV in stand for in financial transaction?

### ANSWER 1.

- ✓ **A financial transaction:** is an agreement, or communication, carried out between a buyer and a seller to exchange an asset for payment.
- ✓ **Petty cash:** also called **cash on hand**, is a small amount of discretionary funds in the form of cash used for expenditures where it is not sensible to make any disbursement by cheque,

because of the inconvenience and costs of writing, signing, and then cashing the cheque.

- ✓ **Petty cash Voucher:** is usually a small form that is used to document a disbursement (payment) from a petty cash fund. Petty cash vouchers are also referred to as petty cash receipts and can be purchased from office supply stores.

**ANSWER 2. Element of petty cash voucher?**

- Date
- Amount disbursed
- Person receiving the money
- Reason for the disbursement
- General ledger account to be charged
- Initials of the person disbursing the money from the petty cash fund

**ANSWER 3.**

**PVC:** Petty cash voucher

Learning outcome 1.2. Check petty cash claims and vouchers for accuracy and authenticity before processing



**Duration: 5hrs**





Learning outcome 2 objectives:

By the end of the learning outcome, the trainees will be able to:

1. check properly petty cash claims and vouchers.
2. identify types of petty cash claim form.
3. Demonstrate checking petty cash claim.
4. Identify importance of checking petty cash claim.



### Resources

Equipment	Tools	Materials
<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>Projector</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Internet</b></li> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Marker</b></li> <li>✓ <b>books</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Sample petty cash vouchers</b></li> <li>✓ <b>Sample petty cash claim form</b></li> </ul>



### Advance preparation:

Availability of books

Availability of computer

Availability of internet

Availability of projector

Having cleaned



## INDICATIVE CONTENT 1.2.1 OVERVIEW ON PETTY CASH CLAIM FORM

✓ Definitions of petty cash claims and authenticity

**Petty cash claims:** refer to the demand/request of petty cash by a petty cashier from the organisation. Authenticity means the quality of being genuine or not corrupted from the original. So that, cash claims and vouchers should be authentic.



Theoretical learning Activity

- ✓ In the group trainees discuss petty cash claims and voucher checking



Points to Remember (Take home message)

1. Elements of petty cash voucher.



## INDICATIVE CONTENT 1.2. 2. TYPES OF PETTY CASH CLAIM FORM

Petty cash claim forms, also known as petty cash reimbursement request forms, are so many and vary from an organisation to another. The following is an example of a petty cash reimbursement request form.

## PETTY CASH REIMBURSEMENT REQUEST

Fund Custodian \_\_\_\_\_  
 Department \_\_\_\_\_  
 Michigan Tech ID Number (M#) \_\_\_\_\_

RECEIPT DATE	INDEX	ACCOUNT	RECEIPT AMOUNT
Total Amount of Receipts			\$0.00

Comments

\_\_\_\_\_

Fund Custodian Signature

\_\_\_\_\_

Date



### Theoretical learning Activity

- ✓ In the group trainees discuss petty cash claims and voucher checking



### Points to Remember (Take home message)

The meaning of of petty cash claim



## INDICATIVE CONTENT 1. 2. 3. PETTY CASH CLAIMS CHECKING METHODS

- ✓ **Proofreading:** this means examining your text carefully to find and correct typographical and mistakes in figures, grammar, style, and spelling.
  - ✓ **Observation:** you note and record some mistakes/errors found out while proofreading.
  - ✓ **Analysis:** you study these mistakes/errors and correct them.
- ✓ **Revision of calculations:** you adjust figures owing to reviewed calculations, then you fill out accurately your cash claim form



### Theoretical learning Activity

- ✓ In the group trainees discuss method of petty cash claim



## Points to Remember (Take home message)

1. Method of checking petty cash claim



### INDICATIVE CONTENT 1.2.4. PETTY CASH CLAIMS AND VOUCHER CHECKING PROCEDURES

#### ✓ **Petty cash claims checking procedures**

The following are procedures of checking petty cash claim:

1. Looking at if application for petty cash fund were made by means of memorandum to the Director of Finance according to organisation policy and procedures before opening a petty cash fund
2. Disbursement: verify if the authorised voucher is presented to the custodian of the petty cash fund
3. Replenishment:
  - Verify if the petty cash claim form is completed before obtaining reimbursement
  - Verify if the completed form with vouchers is sent to the Accounting Office.
4. Restrictions: verify if petty cash is used only for payments of small expenses and small purchases of a company.

#### ✓ **Vouchers checking procedures**

While vouching the transactions, the auditor should first of all examine the various vouchers keeping the following points in mind:

1. Made in the Name of the Employer: The auditor should see whether the voucher is made in the name of the employer of the concern.
2. Printed Form: He should see whether the voucher is on a printed form.

3. Serial Number: He should see whether all vouchers are consecutively numbered and filed in order of the entries in the various books.
4. Date, Name, Amount, etc.: The auditor should check date, name of the party to whom the voucher is issued, the name of the party issuing the voucher, and the amounts, etc.
5. Cancelled by Stamp: The vouchers, which are inspected by the auditor, should be cancelled by a stamp so that it cannot be produced again.
6. Related to the Firm: The auditor should also see that all the vouchers are related with the business or not and see whether the payments made by the concern relate to the business or not. The auditor should pay special attention to those vouchers, which are in the personal name of one of the partners, directors, manager or officers of the company.
7. Special Mark in case of Detailed Checking: In case of vouchers, which require detailed checking, the auditor should put special mark on them. He should check such vouchers carefully.
8. Passing of Vouchers: The auditor should see that a responsible senior officer of the concern passes every voucher correctly and the rubber stamps are affixed. He should also see whether the responsible official signs them.
9. Stamped: If the amount of voucher exceeds Rs.500 it must be stamped. The auditor should note whether the vouchers are stamped too.
10. Not to take the Help of the Employees: The auditor should not take the help of the employees of the concern while checking the vouchers.
11. Type of Account: The auditor should see whether the payment is made to a capital account or revenue account.
12. Related to the Year under Audit: The auditor should see that the vouchers are related to the year for which the auditing is going on.
13. Amount in Words and Figures: The auditor should also see that the figures and words of the amount in the vouchers are the same.
14. Points Regarding Further Verification: If any transaction requires further verification of any other evidence such as Memorandum of Association, Articles of Association, Prospectus, Partnership Deed, etc. they shall be noted.

15. Not to Accept Invoice as a Voucher: The invoice should not be accepted as voucher because there are a lot of chances of double payment i.e., once in the form of credit purchase and second time in the form of cash purchase.

16. Not to Accept the Mutilated Vouchers as such: In case if any voucher is mutilated or the amount therein is cut then the auditor should not accept such vouchers as such. They should be made signed by any senior responsible officer of the concern before they are accepted.

17. Pad Paper is not Voucher: Pad papers should not be accepted as vouchers because in such case chances of fraud are more.

18. Time of Payment: The vouchers for insurances, rates, and taxes, etc. should be checked by the auditor with reference to the period for which the payment has been made. In case of payments in advance, the auditor should see whether correct adjustments have been made



#### Theoretical learning Activity

- ✓ In the group trainees discussion Petty cash claims and voucher Checking procedures.



- ✓ Points to Remember (Take home message)

1. Petty cash claims and voucher checking procedures



## INDICATIVE CONTENT 1.2.5. IMPORTANCE OF CHECKING PETTY CASH

Checking petty cash is crucial in order to avail cash necessary to make payments of small expenses incurred in any organisation and to pay for small purchases of such organisation.



### Theoretical learning Activity

- ✓ In the group trainees discuss importance of Checking petty cash.



### Points to Remember (Take home message)

- ✓ importance of Checking petty cash.



### Learning outcome 2 formative assessment

1. What is petty cash claim?



2. Explain four methods of petty cash claim checking?
3. Explain importance of checking petty cash

### **ANSWER 1**

**1. petty cash claim: petty cash reimbursement request forms**, are so many and vary from an organisation to another. The following is an example of a petty cash reimbursement request form.

### **ANSWER 2**

- ✓ **Proofreading:** this means examining your text carefully to find and correct typographical and mistakes in figures, grammar, style, and spelling.
- ✓ **Observation:** you note and record some mistakes/errors found out while proofreading.
- ✓ **Analysis:** you study these mistakes/errors and correct them.
- ✓ **Revision of calculations:** you adjust figures owing to reviewed calculations, then you fill out accurately your cash claim form.

### **ANSWER 3**

- ✓ Checking petty cash is crucial in order to avail cash necessary to make payments of small expenses incurred in any organisation and to pay for small purchases of such organisation.

Learning out comes: 1.3. Ensure that petty cash transaction are recorded



**Duration: 7hrs**



Learning outcome1 objectives:  
By the end of the learning outcome, the trainees will be able to:

1. Explain Petty cash transactions
2. Differentiate types of petty cash transactions
3. Identify Procedures of petty cash transactions



**Resources**

<b>Equipment</b>	<b>Tools</b>	<b>Materials</b>
<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>projector</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Internet</b></li> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Markers</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Template petty cash vouchers</b></li> <li>✓ <b>Dummy</b></li> </ul>



**Advance preparation:**

Availability of Computer

Availability of internet

Availability of books

Availability of pen.



### INDICATIVE CONTENT 1.3.1. DEFINITION OF PETTY CASH TRANSACTIONS

**Petty cash transactions** are transactions which involve small / insignificant amount of cash, hence the name 'petty'.



#### Theoretical learning Activity

- ✓ In group trainees discuss on petty cash transaction



#### Points to Remember (Take home message)

- ✓ The meaning of petty cash transaction



### INDICATIVE CONTENT 1.3.2. TYPES OF PETTY CASH TRANSACTIONS:

- Cash

- credit cards
- Cheques
- Advance payments
- Vouchers
- Company charges
- Refunds
- Traveller's cheques
- Foreign currency.
- Minor expenses

✓ **People involved in petty cash transaction**

Instead, designate one employee to be **responsible** for the **petty cash** fund. That person, generally known as a **petty cash** custodian or **petty** cashier, will determine if an expense is appropriate, hand out the **cash** to employees who need it, and ensure the expense log is kept up-to-date.

✓ **PROCEDURE OF PETTY CASH TRANSACTION**

- Assignment of responsibility for the petty cash fund to concerned people
- Writing of a cheque to the petty cash custodian to establish the fund
- expenditure of money from the petty cash fund
- Placement of the receipt from the purchase into the cash box
- Replenishment of the petty cash fund when it gets low



### Theoretical learning Activity

- ✓ In the group trainees brainstorming on types of petty cash transaction



### Points to Remember (Take home message)

- ✓ Procedures of petty cash transaction
  - ✓ Type of petty cash transactions



### Learning outcome 3 formative Assessment

1. What is meaning of petty cash transaction?
2. State types of petty cash transaction?
3. Enumerate Procedures of petty cash transaction

### **ASNWERS**

**1. Petty cash transactions:** are transactions which involve small / insignificant amount of cash, hence the name 'petty'.

### **2. TYPES OF PETTY CASH TRANSACTION**

- ✓ Cash
- ✓ credit cards
- ✓ Cheques
- ✓ Advance payments
- ✓ Vouchers
- ✓ Company charges
- ✓ Refunds
- ✓ Traveller's cheques
- ✓ Foreign currency.
- ✓ Minor expenses

### **3. Procedures of petty cash transaction**

- ✓ Assignment of responsibility for the petty cash fund to concerned people
- ✓ Writing of a cheque to the petty cash custodian to establish the fund
- ✓ expenditure of money from the petty cash fund
- ✓ Placement of the receipt from the purchase into the cash box
- ✓ Replenishment of the petty cash fund when it gets low

Learning out comes: 1.4. Ensure irregularities are noted and referred to nominated person/ section in accordance with workplace procedures



**Duration: 8hrs**



Learning outcome 4 objectives:

By the end of the learning outcome, the trainees will be able to:

1. Ensure irregularities in petty cash transactions
2. Identify Procedures of dealing with transactions irregularities



### Resources

Equipment	Tools	Materials
✓ <b>Computer</b> ✓ <b>projector</b>	✓ <b>Internet</b> ✓ <b>Flipchart</b> ✓ <b>Markers</b>	✓ <b>Template petty cash vouchers</b> ✓ <b>Dummy</b>



### Advance preparation:

- ✓ Availability of books
- ✓ Availability of computer
- ✓ Availability of internet
- ✓ Availability of projector
- ✓ Availability of class room (cleaned and set)



## INDICATIVE CONTENT 1.4.1 POSSIBLE IRREGULARITIES IN PETTY CASH TRANSACTION

- ✓ **Discrepancy between receipts and petty cash:** mismatch between the both in terms of amount. In this case, total amount of receipts may be greater/lesser than the amount of cash disbursed.
- ✓ **Missing cash or receipts:** cash may be lost or embezzled/stolen or a petty cashier may lose receipt(s).
- ✓ **Omitted transactions:** while recording petty cash transactions, a petty cashier may omit/forget some transactions.
- ✓ **Wrongly recorded transactions**



### Theoretical learning Activity

- ✓ In the group trainees brainstorming on Possible irregularities in petty cash transactions



Points to Remember (Take home message)

- ✓ Possible irregularities in petty cash transactions



## CONTENT 1.4.2 PROCEDURES OF DEALING WITH PETTY CASH TRANSACTION IRREGULARITIES

- ✓ **Identification of irregularities:** you show all irregularities found out.
- ✓ **Notification of irregularities:** you make known or declare them to competent authority from Finance Department.



✓ **Irregularity references:** you show where those irregularities are found out.



### Theoretical learning Activity

- ✓ In the group trainees brainstorming on procedure of dealing with irregularities



Points to Remember (Take home message)

- ✓ Procedures of dealing with petty cash transaction irregularities



### Learning outcome 4 formative assessment

1. Identify the cause irregularities in petty cash
2. Outline procedures of dealing with petty cash transaction

### Answer

1. The causes irregularities in petty cash includes :

- ✓ **Discrepancy between receipts and petty cash:** mismatch between the both in terms of amount. In this case, total amount of receipts may be greater/lesser than the amount of cash disbursed.
- ✓ **Missing cash or receipts:** cash may be lost or embezzled/stolen or a petty cashier may lose receipt(s).

✓ **Omitted transactions:** while recording petty cash transactions, a petty cashier may omit/forget some transactions.

✓ **Wrongly recorded transactions**

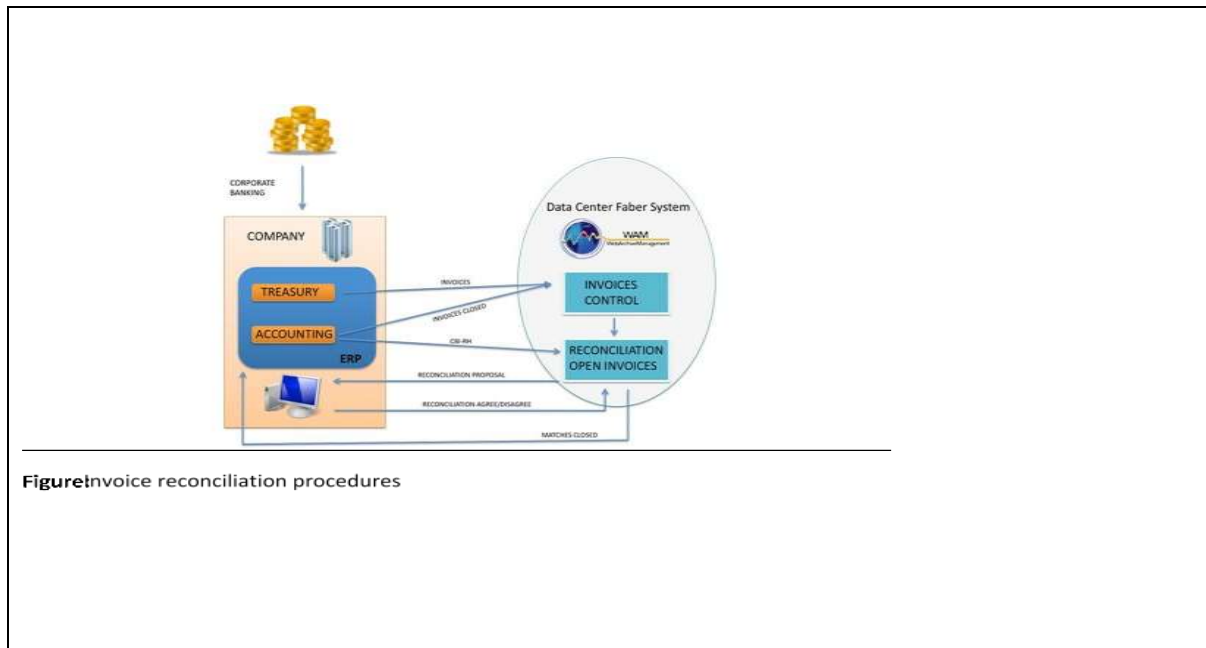
**2.** Procedures of dealing with petty cash transaction

**Identification of irregularities:** you show all irregularities found out.

✓ **Notification of irregularities:** you make known or declare them to competent authority from Finance Department.

✓ **Irregularity references:** you show where those irregularities are found out.

## Learning unit 2: BALANCE ALL TRANSACTION







### structure of learning unit

#### Learning outcomes:

- 2.1.** Ensure transactions are presented to nominated person/section for checking in accordance with workplace procedures.
- 2.2.** Ensure invoices payment to creditors are reconciled in accordance with workplace procedures
- 2.3.** Ensure discrepancies between invoices and delivery notes/service agreements are identified and reported for resolution in accordance with workplace procedures
- 2.4.** Ensure that errors in invoice charges are identified and corrective action is undertaken within scope of authority in accordance with workplace procedures

Learning outcome 2.1. Ensure transactions are presented to nominated person/section for checking in accordance with workplace procedures

 <b>Duration: 4hrs</b>		
 Learning outcome2 .1 objectives : By the end of the learning outcome, the trainees will be able to: <b>1. Demonstrate presentation procedures of transaction.</b>		
 <b>Resources</b>		
<b>Equipment</b>	<b>Tools</b>	<b>Materials</b>
<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>Projector</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Marker</b></li> <li>✓ <b>books</b></li> <li>✓ <b>Pen</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>receipts</b></li> <li>✓ <b>invoices</b></li> <li>✓ <b>delivery note</b></li> </ul>
 <b>Advance preparation:</b> <ul style="list-style-type: none"> <li>✓ Availability of books</li> <li>✓ Availability of computer</li> <li>✓ Availability of internet</li> <li>✓ Availability receipts invoice</li> <li>✓ Availability of invoice</li> <li>✓ Availability Delivery note</li> </ul>		



## INDICATIVE CONTENT 2.1.1 PRESENTATION PROCEDURES OF TRANSACTION

- ✓ **Checking of transactions record:** a petty cashier verifies and check whether a transaction was recorded correctly in petty cash book, or in any accounts book.
- ✓ **Explanation of cash transactions:** a petty cashier tries to explain the transactions recorded. For instance, payment of postage, stationery, sundry expenses.
- ✓ **Getting feedback from the nominated person/ section:** all petty cash transactions made by a petty cashier are presented to accounting department, then a nominated person (main cashier or accountant) checks and gives feed back to what has been done by the petty cashier. If any, errors should be corrected and recommendations and remarks may be given to last one, if any



### Theoretical learning Activity

- ✓ In the group trainees discuss on presentation Procedures of transaction



Points to Remember (Take home message)

✓ Presentation Procedures of transaction



#### **Learning outcome 4 formative assessment**

1. Explain cash transaction.
2. Enumerate procedures of presentation transaction

#### **Answer**

**1. Cash transaction :** is immediate payment of cash for the purchase of an asset.

**2. Procedures of presentation transaction**

- ✓ Checking of transactions record:
- ✓ Explanation of cash transactions:
- ✓ Getting feedback from the nominated person/ section



**Duration: 4hrs**



**Learning outcome2 .1 objectives:**

By the end of the learning outcome, the trainees will be able to:

1. Distinguish of invoice from creditors.
2. Identify principles of invoice reconciliation
3. Demonstrate the role of invoice reconciliation




**Resources**

**Equipment**

**Tools**

**Materials**

<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>Projector</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Marker</b></li> <li>✓ <b>books</b></li> <li>✓ <b>Pen</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>receipts</b></li> <li>✓ <b>invoices</b></li> <li>✓ <b>delivery note</b></li> </ul>
 <b>Advance preparation:</b> <ul style="list-style-type: none"> <li>✓ Availability of books</li> <li>✓ Availability of computer</li> <li>✓ Availability of internet</li> <li>✓ Availability receipts invoice</li> <li>✓ Availability of invoice</li> <li>✓ Availability Delivery note</li> </ul>		

LEARNING OUTCOME 2.2 : ENSURE INOICES PAYEMENT TO CREDITORS ARE RECORDED IN ACCORDAENCE WITH WORKPLACE PROCEDURE



### INDICATIVE CONTENT 2.2.1. DEFINITIONS OF KEY TERMS

- ✓ **Invoice:** is a document issued by a seller to the buyer that indicates the quantities and costs of the products or services provided by the seller, and payment terms indicating the maximum amount of time that a buyer has

to pay for the goods and/or services that have been purchased from the seller.

- ✓ **Creditor:** is a party that has a claim on the services of a second party. It is a person or institution to whom money is owed. The first party, in general, has provided some goods or service to the second party under the assumption that the second party will pay those goods or service.

Very simply, a creditor is a person or company to whom money is owing.



#### Theoretical learning Activity

- ✓ In the group trainees discuss on the meaning of invoice and creditor



#### Points to Remember (Take home message)

The meaning of invoice and creditor



INDICATIVE CONTENT .2.2.2 INVOICE RECONCILIATION PRINCIPLES



**Invoice reconciliation** is the process of matching bank statements to the outgoing and incoming **invoices** to make sure that all accounts are clean (or all invoices have been paid) and every book entry is correctly matched.



#### Theoretical learning Activity

In the group trainees brainstorm on invoice reconciliation principle

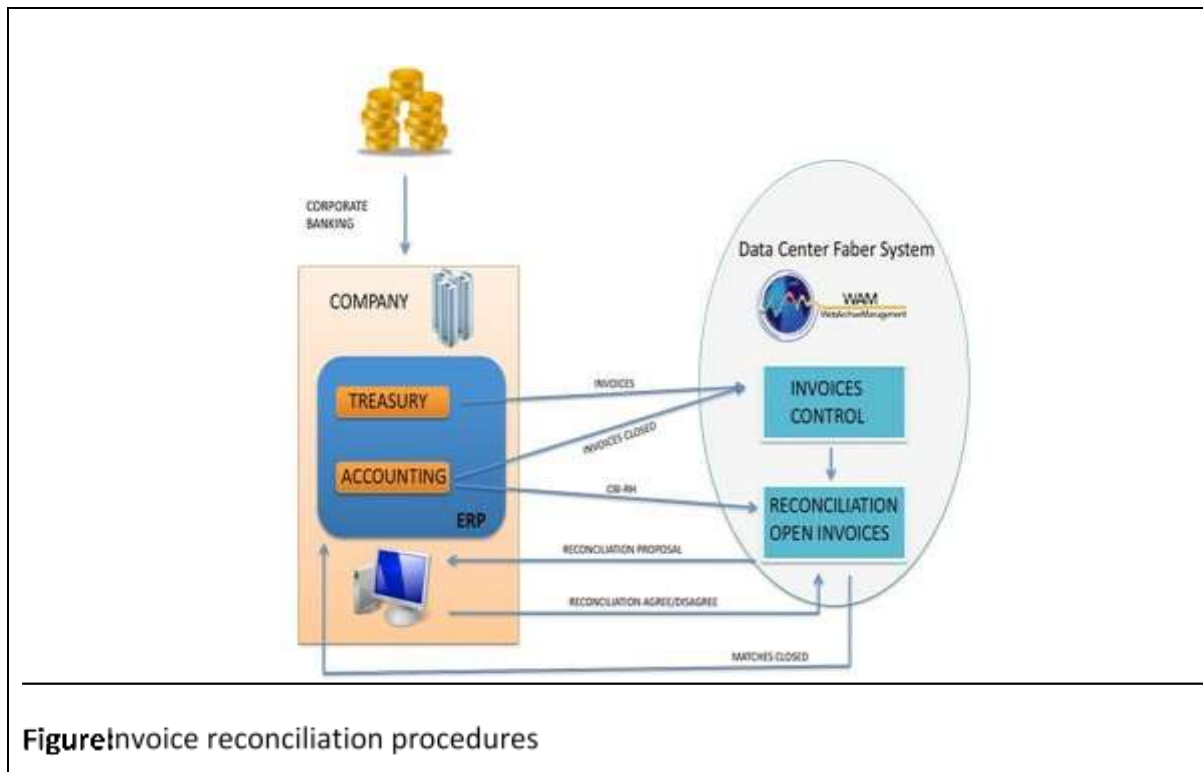


#### Points to Remember (Take home message)


Invoice reconciliation principles



## INDICATIVE CONTENT 2.2.3 INVOICE RECONCILIATION PRECEDURES



### Theoretical learning Activity

- ✓ In the group trainees discuss on invoice reconciliation procedures
- ✓  Points to Remember (Take home message)

Procedures of invoice reconciliation



## INDICATIVE CONTENT 2.2.4 THE ROLE OF INVOICE RECONCILIATION

Invoice reconciliation is important for keeping your accounting records up to date and avoiding fraud. Matching the information from bank statements to the invoices you have going out or coming in, keeps you on top of who has and hasn't paid you and which bills of yours are outstanding.



### Theoretical learning Activity

- ✓ In group, trainees discuss the role of invoice reconciliation



### Points to Remember (Take home message)

The role of invoice reconciliation



### Learning outcome 2. Formative assessment

1. Distinguish invoice from creditor.
2. State the roles of invoice reconciliation

### **Answer**

**1. Invoice** : is a document issued by a seller to the buyer that indicates the quantities and costs of the products or services provided by the seller, and payment terms indicating the

maximum amount of time that a buyer has to pay for the goods and/or services that have been purchased from the seller.

**Creditor:** is a party that has a claim on the services of a second party. It is a person or institution to whom money is owed

## 2. The role of invoice reconciliation

- ✓ Invoice reconciliation is important for keeping your accounting records up to date and avoiding fraud.
- ✓ Matching the information from bank statements to the invoices you have going out or coming in, keeps you on top of who has and hasn't paid you and which bills of yours are outstanding.

Learning Outcome 2. 3: Ensure discrepancies between invoices and delivery note/service agreements are identified and reported for resolution in accordance with workplace procedures



**Duration: 4hrs**



Learning outcome2 .3. Objectives:

By the end of the learning outcome, the trainees will be able to:

1. Differentiate delivery note and discrepancies.
2. Identify discrepancies between invoices and delivery notes/service agreements



### Resources

Equipment	Tools	Materials
<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>Projector</b></li> <li>✓ <b>Electronic billing machine(EBM)</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Marker</b></li> <li>✓ <b>books</b></li> <li>✓ <b>Pen</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>receipts</b></li> <li>✓ <b>invoices</b></li> <li>✓ <b>delivery note</b></li> </ul>



### Advance preparation:

- ✓ Availability of books
- ✓ Availability of computer
- ✓ Availability of internet
- ✓ Availability receipts invoice
- ✓ Availability of invoice
- ✓ Availability Delivery note



### INDICATIF CONTENT 2.3.1 DEFINITION

- ✓ **Delivery note:** is a source document (or commercial document) that accompanies the goods dispatched from the supplier to the customer.

Delivery note protects the dispatch driver from harassment on how he comes about the goods and serves as evidence of goods received by the purchaser when it is signed by him.

- ✓ **Discrepancy:** difference or mismatch between two figures/amounts.



#### Theoretical learning Activity

- ✓ In group, trainees brainstorm about the meaning of delivery note and discrepancy



#### Points to Remember (Take home message)

The meaning of delivery note and discrepancy.



### INDICATIF CONTENT 2.3.2. IDENTIFICATION OF DISCREPANCIES BETWEEN INVOICES AND DELIVERY NOTES/SERVICE AGREEMENTS

The following method is applied to identify discrepancies between invoices and delivery notes/service agreements:

- ✓ **Checking specifications on delivery Note:** you verify/check all required information written on that document (dispatch date, company address, custom ID, delivery method, etc).
- ✓ **Comparison between delivery note and invoice:** you compare the amount of delivery note and that of invoice to look at if they are equal or not.
- ✓ **Reporting discrepancies:** if the comparison done above has shown the discrepancy (ies), you report it (them) to your superior.
- ✓ **Description of irregularities between invoice and delivery note:** you try to describe the nature and type of each irregularity found out.
- ✓ **Reporting systems:** choose the way with which you report those irregularities (online or manually).
- ✓ **Report submission:** you constitute a thorough report and submit it to the competent authority about those irregularities.



#### Theoretical learning Activity

- ✓ In group, trainees discuss on methods applied to identify discrepancies between invoices and delivery notes



### Points to Remember (Take home message)

Methods of identification discrepancy between invoice and delivery note.



### Learning outcome 2.2.3. Formative assessment

1. Differentiate delivery note from discrepancy.
2. Describe the method used to identify discrepancies between invoices and delivery notes/service agreements:

### Answer

- ✓ **Delivery note:** is a source document (or commercial document) that accompanies the goods dispatched from the supplier to the customer.
  - ✓ **Discrepancy:** difference or mismatch between two figures/amounts.
3. Method used to identify discrepancies between invoices and delivery notes/service agreements:
    - ✓ **Checking specifications on delivery Note:** you verify/check all required information written on that document (dispatch date, company address, custom ID, delivery method, etc).



- ✓ **Comparison between delivery note and invoice:** you compare the amount of delivery note and that of invoice to look at if they are equal or not.
- ✓ **Reporting discrepancies:** if the comparison done above has shown the discrepancy (ies), you report it (them) to your superior.
- ✓ **Description of irregularities between invoice and delivery note:** you try to describe the nature and type of each irregularity found out.
- ✓ **Reporting systems:** choose the way with which you report those irregularities (online or manually).
- ✓ **Report submission:** you constitute a thorough report and submit it to the competent authority about those irregularities.

LEARNING OUTCOME 2.4: ENSURE THAT ERRORS IN INVOICE CHARGES ARE IDENTIFIED AND CORRECTIVE ACTION IS UNDERTAKEN WITHIN SCOPE OF AUTHORITY IN ACCORDANCE WITH WORKPLACE PROCEDURES




**Duration: 3hrs**




Learning outcome 2 .3. Objectives:

By the end of the learning outcome, the trainees will be able to:

1. Identify errors in invoice and charges
2. Identify type of errors
3. determine errors identification methods

 <b>Resources</b>		
<b>Equipment</b>	<b>Tools</b>	<b>Materials</b>
<ul style="list-style-type: none"> <li>✓ <b>Computer</b></li> <li>✓ <b>Projector</b></li> <li>✓ <b>Electronic billing machine(EBM)</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Flipchart</b></li> <li>✓ <b>Marker</b></li> <li>✓ <b>books</b></li> <li>✓ <b>Pen</b></li> <li>✓ <b>calculator</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>receipts</b></li> <li>✓ <b>invoices</b></li> <li>✓ <b>delivery note</b></li> </ul>

 <b>Advance preparation:</b> <ul style="list-style-type: none"> <li>✓ Availability of books</li> <li>✓ Availability of computer</li> <li>✓ Availability of internet</li> <li>✓ Availability receipts invoice</li> <li>✓ Availability of invoice</li> <li>✓ Availability Delivery note</li> </ul>
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## INDICATIF CONTENT 2.4 .1 IDENTIFICATION OF ERRORS IN INVOICE CHARGES AND ITS TYPES

While preparing invoices, different types of errors may be committed. An error can be defined as an intentional mistake made when recording transaction(s). The following are common errors committed while charging invoices.



### Theoretical learning Activity

- ✓ In group, trainees discuss on the meaning of errors



### Points to Remember (Take home message)

The definition/ meaning of error



## INDICATIF CONTENT 2.4.2. TYPES OF ERRORS

- i) **Overcharge error:** also known as over add error, happens when you charge more money than the correct amount.

E.g. you charge an invoice by Rwf 11,000 instead of Rwf 10,000

- ii) **Undercharge:** also known as under add error, happens when you charge little money than the correct amount.

E.g. you charge an invoice by Rwf 10,000 instead of Rwf 11,000

- iii) **Transposition:** when 2 digits are reversed or transposed (interchanged). E.g. you write 3563 instead of 5363.

- iv) **Not Itemizing:** when an item (product) is not itemized (stated) i.e an item is not enumerated among others on invoice.

v) **No Due Dates:** when the date of payment of the date is not shown on invoice.

vi) **No Logo (or logotype) on your invoice:** the missing of the visual symbol or emblem that acts as a trademark or a means of identification of a company or organization.

Vii) **Unstated mode/form of payment:** when the way/means of payment is not stated. E.g. payment by cash, by cheque, by money transfer.

Viii) **Unstated term of payment:** when the condition of payment is not stated.

E.g. EOM (at the End of the Month), N60 or Net 60(after 60days invoice date), payment at goods delivery.



Theoretical learning Activity

- ✓ By individual, trainee brainstorm about different types of errors



Points to Remember (Take home message)

Types of error



### INDICATIF CONTENT 2.4.3. ERRORS IDENTIFICATION METHODS

To identify the above errors, you apply the following methods as they have been stated in the precedent unit.

- ✓ Proof reading
- ✓ Observation
- ✓ Analysis
- ✓ Revision of calculations



#### Theoretical learning Activity

In group, trainees brainstorm on error identification methods



#### Points to Remember (Take home message)

The type of error identification



## Learning out come 2.4. : Formative assessment

1. what is error ?
2. state the types of error
3. Outline the method used in error identification

### **Answer**

- 1. An error** can be defined as an intentional mistake made when recording transaction(s).

### **2. TYPES OF ERRORS :**

- ✓ **Overcharge error:** also known as overadd error, happens when you charge more money than the correct amount.

E.g. you charge an invoice by Rwf 11,000 instead of Rwf 10,000

- ii) Undercharge:** also known as underadd error, happens when you charge little money than the correct amount.

E.g. you charge an invoice by Rwf 10,000 instead of Rwf 11,000

- ✓ **Transposition:** when 2 digits are reversed or transposed (interchanged). E.g. you write 3563 instead of 5363.
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- ✓ **No Logo (or logotype) on your invoice:** the missing of the visual symbol or emblem that acts as a trademark or a means of identification of a company or organization.
- ✓ **Unstated mode/form of payment:** when the way/means of payment is not stated. E.g: payment by cash, by cheque, by money transfer.
- ✓ **Unstated term of payment:** when the condition of payment is not stated.

### **3. Method of error identification**

- ✓ Proof reading
- ✓ Observation
- ✓ Analysis
- ✓ Revision of calculations

### **Summative assessment**

1. Define the following terms:
  - A) Financial transaction
  - B) Petty cash
  - C) Petty cash voucher
  - D) Petty cash transaction
  - E) Invoice
2. Outline six (6) element of petty cash voucher
3. Explain four methods of petty cash claim checking
4. Explain importance of checking petty cash
5. State types of petty cash transaction
6. Enumerate Procedures of petty cash transaction

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