



RQF LEVEL 5



**TRADE: FOOD AND
BEVERAGE SERVICES**

MODULE CODE: FBSFT 501

TEACHER'S GUIDE

Module name: PROCESSING

FINANCIAL TRANSACTIONS

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Acronyms

TPS: Transaction Processing System

PCV: Petty Cash Voucher

INV: Invoice

DN: Delivery Note

ID Number: INDEX Number

SN: Serial Number

Rs: Rupees

EBM: Electronic Billing Machine

Cr: Creditor

Dr: Debtor

ERP: Enterprise Resource Planning

ID: Identification

N: Net

EOM: End of the Month

FBS: food and beverage services

Introduction

This module Processing financial transaction describes the skills, knowledge and attitudes required for a learner of certificate 5, level V **FBS** to process financial transactions. By the end of this module, the learner will be able to record and balance petty cash transactions, to balance all transactions, in hospitality establishments without supervision. Transaction processing system (TPS) can be considered as an activity consisting of three major subsystems called **cycles**: the revenue cycle, the expenditure cycle, and the conversion cycle. While each cycle performs different specific tasks and supports different objectives, they share common characteristics. For example, all three TPS cycles capture financial transactions, record the effects of transactions in accounting records, and provide information about transactions to users in support of their day-to-day activities. In addition, transaction cycles produce much of the raw data from which management reports and financial statements are derived. Because of their financial impact on the organization transaction cycles command much of the accountant's professional attention.

A financial or accounting summary seems up a company's financial activity for a specific period of time. Summaries can be assembled for a week, month, quarter, or for longer periods, such as a year, (three years, five years or ten years.)

In financial transaction processing is the range of daily activities central to any company's accounting and financial management. The four main types of business financial transaction are **Sales, Purchases, Receipts** and **Payments**.

Module Code and Title: FBSFT 501 PROCESSING FINANCIAL TRANSACTIONS

Learning Units

- 1: Record and balance Petty Cash Transactions**
- 2: Balance all Transactions**

Learning Unit 1: Record and balance petty cash transactions



Duration: 15 hrs

STRUCTURE OF LEARNING UNIT

Learning outcomes:

- 1.1: Proper ensuring of petty cash voucher are prepared in accordance with workplace procedures.**
- 1.2: Proper checking of petty cash claims and vouchers for accuracy and authenticity before processing as per the standards.**
- 1.3: Proper ensuring of petty cash transactions are recorded referring to the recording system used.**
- 1.4: Appropriate ensuring of irregularities 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: 6 hrs



Learning outcome 1.1: objectives :

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

1. **Introduce, recording and balancing petty cash transactions**
2. **Define Petty cash and Petty cash Voucher**
3. **prepare Petty cash voucher**
4. **apply the Procedures and Techniques on Petty cash vouchers preparation**



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Markers
Flips chart	Sample of petty cash voucher	Images
Computer	Template petty cash vouchers	Pictures
Internet	Template of petty cash	



Advance preparation:

- ✓ Sample of petty cash voucher
- ✓ Template petty cash vouchers
- ✓ Template of petty cash
- ✓ Chalk, Markers, Images

Indicative content 1.1.1 :Introduction to recording and balancing petty cash transactions.

Before establishing a petty cash fund at your small business, be prepared to create a petty cash accounting system. You must record petty cash transactions, even if you think they're too low to matter. Without a petty cash system, using small cash amounts periodically can cause a major discrepancy in your books. And when you maintain records of all your business's expenses, you can claim tax deductions.

Indicative content 1.1.2 :definitions of the key terms

- i) **Financial transaction :** A financial transaction is an agreement, or communication, between a buyer and seller to exchange goods, services, or assets for payment.
- ii) **Petty cash :** Petty cash is a small amount of cash on hand used for paying expenses too small to merit writing a check.
A small amount of cash kept on hand to cover minor or incidental expenses, such as the small change or bills kept in a cash register or lockbox.
- iii) **Petty cash voucher :** A petty cash voucher is a standard form used as a receipt whenever cash is withdrawn from a petty cash box.
It is usually a small form that is used to document a 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.

Indicative content 1.1.3 :Petty cash voucher (PCV) preparation

- **Why is it prepared ? (the prupose of Petty cash voucher (PCV) preparation**

A petty cash voucher is a document containing the information required for:

- to justify taking and spending any money from the petty cash. These documents make up part of the records inside a petty cash book, and are most often used in small businesses

- **General Eléments of a Petty cash voucher (PCV)**

The petty cash voucher should provide information for the following

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

- ⊕ Some petty cash vouchers are renumbered and sometimes a number is assigned for reference and control.
- ⊕ Receipts or other documentation justifying the disbursement (payment) 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 form (PCV)

Petty Cash Voucher		NO. _____
DATE	AMOUNT	
PAID TO		
FOR	ACCOUNT	
FOR <small>(attach documentation)</small>	ACCOUNT	
RECEIVED BY	PAID BY	

The moist usefull information on petty cash voucher form (PCV)

- ✓ 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

- **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.
- ✓ To document petty cash payments

Indicative content 1.1.4 :Procedures and techniques on Petty cash voucher preparation

• Example of accounting for petty cash

Let's look at an example of how petty cash accounting and procedures are performed at Company MUGISHA Ltd.

The company decided to create a petty cash fund in amount of \$100 at the beginning of February 20X1. **MUKAMANA** was named the petty cash custodian; employees **Makin, Peter**, and **Andrew** sometimes use petty cash to make small business-related purchases. **RUKUNDO** is the cash manager. At the beginning of the month **RUKUNDO** issued a check for \$100 to **MUKAMANA** to set up the petty cash fund. **MUKAMANA** cashed the check and placed the \$100 into a secure lock box in her office drawer. During February 20X1 **Makin, Peter** and **Andrew** made one small purchase each for everyone and were reimbursed by **MUKAMANA** from the petty cash fund. All employees signed the vouchers and presented purchase receipts to **MUKAMANA**. The purchases were as follows:

- \$35.00 for delivery charges on February 12, 20X1 (Makin)
- \$12.40 for postage on February 23, 20X1 (Peter)
- \$27.60 for small travel expenses on February 27, 20X1 (Andrew)

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 MUKAMANA cashed the check from RUKUNDO:

Account Titles	Debit	Credit
Petty Cash	\$ 100	
Cash		100

ii)Disburse cash for expenditures

During the month, three employees (Makin, Peter, and Andrew) made small business-related purchases. Mukamana, the petty cash custodian, reimbursed the employees for the expenses incurred and obtained petty cash vouchers and purchase receipts from the employees. Examples of the vouchers are presented below:

The following is another form of Petty Cash Voucher.

Petty Cash Voucher No. _____ 1 _____	
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

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iii) Filled out petty cash vouchers

PETTY CASH VOUCHER No :1	
Date: February 12, 20X1	
Vendor: Speed Deliveries Ltd	
For: Delivery charges	
Expense Account: Delivery charges	
Amount: \$35.00	
Less charge: \$0.00	
Net Amount spent: \$35.00	
Signed by: Makin	
Approved by: Manager	

PETTY CASH VOUCHER No :2

Date: February 23, 20X1

Vendor: Speed Deliveries Ltd

For: Postage

Expense Account: Postage expense

Amount: \$12.40

Less charge: \$0.00

Net Amount spent: \$12.40

Signed by: Peter

Approved by: Manager

PETTY CASH VOUCHER No :3

Date: February 27, 20X1

Vendor: Speed Deliveries Ltd

For: Travel expenses

Expense Account: Travel expenses

Amount: \$27.60

Less charge: \$0.00

Net Amount spent: \$27.60

Signed by: Andrew

Approved by: Manager

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

iv) Prepare petty cash journal and replenish petty cash fund

petty cash **Replenishment** occurs when funds are added to petty cash box

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		
Totals:									
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.
 - In case Cash shortages or overages either **increase** or **decrease** the replenishing amount, respectively. **The cash shortage** is recorded as **an expense**, and **the cash overage** is recorded as **an income**.

The journal entry looks like this:

Account Titles	Debit	Credit
Postage expense	xxx	
Supplies expense	xxx	
Delivery charges	xxx	
Travel charges	xxx	
Cash short/over	xxx	
Cash		xxx

- 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.

v) Summarize expenditures for the period

At the end of the month, MUKAMANA filled out the petty cash journal using the three vouchers, which she received from Makin, Peter, and Andrew. Note that MUKAMANA obtained vouchers for a total of \$75.00 (i.e., \$35.00 + \$12.40 + \$27.60)

A filled out petty cash journal is presented below:

Petty Cash Journal

Total voucher amount: \$ 75.00 (enter *Totals from above in column Total*)

Petty cash on hand: **\$ 24.00** (enter actual petty cash on hand)

Total: **\$ 99.00** (sum of Totals and actual petty cash on hand)

Petty cash fund: \$ 100.00 (established petty cash fund amount)

Cash short / over: **\$ (1,000)** **(difference between Total and established petty cash fund)**

Signed by: Vicki Smith
(netty cash custodian)

Date: February 28, 20X1

Approved by: Eric Doe
(*manager*)

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

vi) 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		76

When the journal entry is posted, **RUKUNDO**, the cash manager, issued a new check to **MUKAMANA**, the custodian, for \$76 (i.e., \$75 expenses plus \$1 to cover cash shortage). **MUKAMANA** 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

Q1. Define the following terms:

- a) Financial transactions**
- b) Petty cash**
- c) Petty cash voucher**

Answer

- a) **Financial transaction** : A financial transaction is an agreement, or communication, between a buyer and seller to exchange goods, services, or assets for payment.
- b) **Petty cash** : Petty cash is a small amount of cash on hand used for paying expenses too small to merit writing a check.
 - i. A small amount of cash kept on hand to cover minor or incidental expenses, such as the small change or bills kept in a cash register or lockbox.
- c) **Petty cash voucher** : A petty cash voucher is a standard form used as a receipt whenever cash is withdrawn from a petty cash box.
 - i. It is usually a small form that is used to document a 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.

Q2. State the elements of a petty cash voucher.

Answer

The most usefull information on petty cash voucher form (PCV)

- ✓ 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

Q3. Explain the advantages of using a petty cash voucher.

Answer

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.
- ✓ To document petty cash payments

Q4. The company decided to create a petty cash fund in amount of \$200 at the beginning of February 2023. **UMULISA** was named the petty cash custodian; employees **1, 2, and 3** use petty cash to make small business-related purchases; **KALISA** is the cash manager. At the beginning of the month **KALISA** issued a check for \$200 to **UMULISA** to set up the petty cash fund. **UMULISA** cashed the check and placed the \$200 into a secure lock box in her office drawer.

During February 2023 **Employee 1**, **Employee 2** and **Employee 3**, made one small purchase each and were reimbursed by **UMULISA** from the petty cash fund. All employees signed the vouchers and presented purchase receipts to **UMULISA**. The purchases were as follows:

- \$45.00 for delivery charges on February 12, 2023 (**Employee 1**)
- \$22.40 for postage on February 23, 2023 (**Employee 2**)
- \$37.60 for small travel expenses on February 27, 2023 (**Employee 3**)

Required:

A). Establish petty cash fund journal entry.

Answer

Account Titles	Debit	Credit
Petty Cash	\$ 200	
Cash		200

B:Fill out petty cash vouchers for employee 1, employee 2 and employee 3.

Answer

PETTY CASH VOUCHER No :1

Date: February 12, 2023

Vendor: Speed Deliveries Ltd

For: Delivery charges

Expense Account: Delivery charges

Amount: \$45.00

Less charge: \$0.00

Net Amount spent: \$45.00

Signed by: **Employee no 1**

Approved by: Manager

PETTY CASH VOUCHER No :2

Date: February 23, 2023

Vendor: Speed Deliveries Ltd

For: Postage

Expense Account: Postage expense

Amount: \$22.40

Less charge: \$0.00

Net Amount spent: \$22.40

Signed by: **Employee no 2**

Approved by: Manager

PETTY CASH VOUCHER No :3

Date: February 27, 20X1

Vendor: Speed Deliveries Ltd

For: Travel expenses

Expense Account: Travel expenses

Amount: \$37.60

Less charge: \$0.00

Net Amount spent: \$37.60

Signed by: **Employee no 3**

Approved by: Manager

Q5. Prepare a petty cash journal.

Answer

DR	Date	Details	Total	Postage	deliver y charge s	travel expense s	Sundry Expense s
200 \$	Feb	Received	\$	\$	\$	\$	\$
	12th	delivery charges	45		45		
	23th	postage	22.4 0	22.40			
	27th	travel expenses	37.6 0			37.60	
		Total	105	22.40	45	37.60	
	27th	Reimburs e	95				
200			200				
95							



Points to Remember (Take home message)

- ✓ Introduction to recording and balancing Petty cash transactions
- ✓ Definitions of key terms
- ✓ Petty cash voucher (PCV) preparation
- ✓ Procedures and techniques on petty cash voucher preparation

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Learning Outcome 1.2: Check Petty cash claims and vouchers for accuracy and authenticity before processing



Duration: 3 hrs



Learning outcome 1.2 : objectives :

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

1. **Define petty cash claims and authenticity**
2. **Know types of petty cash claim form**
3. **Know petty cash claims Checking**
4. **Explain Petty cash claims and voucher Checking procedures**
5. **Explain the Importance of checking petty cash**



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Markers
Flips chart	Sample of petty cash voucher	Images
Computer	Sample of petty cash claim form	Pictures
Internet	Template petty cash vouchers Template of petty cash	



Advance preparation:

- ✓ Sample of petty cash voucher
- ✓ Template petty cash vouchers

- ✓ Template of petty cash
- ✓ Chalk, Markers, Images

Indicative content 1.2.1: Definition 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.

Indicative content 1.2.3: 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.

Indicative content 1.2.3: Petty cash claims checking Methods

- ✓ **Proof reading:** 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.

Indicative content 1.2.4: Petty cash claims and voucher checking procedures

i) 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:
 - a) Verify if the petty cash claim form is completed before obtaining reimbursement
 - b) 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.

ii) Vouchers checking procedure.

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.

Indicative content 1.2.5: Importance of checking petty cash

- a) Petty cash is also important because having small amounts of cash-on-hand for business expenses means you don't have to dip into your own pockets.
- b) Instead, you can handle urgent needs relatively easily.
- c) Most importantly, though, the chances of leakage are very high with regular small expenses.
- d) 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

Q1. Explain petty cash claims and authenticity

Answer

- **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.

Q2. Identify any four (4) methods used to check petty cash claims

Answer

- ✓ **Proof reading:** 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.

Q3.Specify the importance for checking petty cash

Answer

Importance of checking petty cash

- a) Petty cash is also important because having small amounts of cash-on-hand for business expenses means you don't have to dip into your own pockets.
- b) Instead, you can handle urgent needs relatively easily.
- c) Most importantly, though, the chances of leakage are very high with regular small expenses.
- d) 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.

Q4. XW company custodian was requested money as petty cash after three days that money has reduced he/her needs other money as needed By drawing, show the form of petty cash reimbursement request.

Answer

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	



Points to Remember (Take home message)

- ✓ **Meaning of petty cash claims and authenticity.**
- ✓ **Types of petty cash claim form.**
- ✓ **Petty cash claims checking methods.**
- ✓ **Petty cash claims and voucher checking procedures.**
- ✓ **Importance of checking petty cash.**



Learning Outcome 1.3: Ensure that Petty cash transactions are recorded



Summary for the trainer related to the indicative content (key notes using bullets such as ticks etc)



Duration: 3 hrs



Learning outcome 1.3. Objectives :

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

1. Define Petty cash transactions
2. State types of petty cash transactions:
3. Know the People involved in petty cash transactions
4. Know and perform the Procedures of petty cash transactions



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Markers

Flips chart	Sample of petty cash claim form	Images
Computer	Template of petty cash	Pictures
Internet	Sample of petty cash	



Advance preparation:

- ✓ Template of petty cash
- ✓ Sample of petty cash claim form
- ✓ Sample of petty cash
- ✓ Chalk, Markers, Images

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'

Petty cash transactions need the use of petty cash, money that a business or company keeps on hand to make small payments, purchases and reimbursements.

Either routine or unexpected, these are transactions for which writing a check or using a credit card is impractical or inconvenient.

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

Indicative content 1.3.3: People involved in petty cash transactions

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.

Indicative content 1.3.4: Procedures of petty cash transactions

- ✓ 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

Q1. Define the term petty cash transaction.

Answer

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

Petty cash transactions need the use of petty cash, money that a business or company keeps on hand to make small payments, purchases and reimbursements.

Q2. List down any ten (10) types of petty cash transaction.

Answer

- a)** Cash
- b)** Credit cards
- c)** Cheques
- d)** Advance payments
- e)** Vouchers
- f)** Company charges
- g)** Refunds

- h)** Traveller's cheques
- i)** Foreign currency
- j)** Minor expenses

Q3. Who are people involved in petty cash transaction?

Answer

- 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.

Q4. Explain the procedures of petty cash transaction.

- a)** Assignment of responsibility for the petty cash fund to concerned people.
- b)** Writing of a cheque to the petty cash custodian to establish the fund.
- c)** Expenditure of money from the petty cash fund.
- d)** Placement of the receipt from the purchase into the cash box.
- e)** Replenishment of the petty cash fund when it gets low.

Q5. The company TD Ltd decides to create a petty cash fund in amount of 500,000 Rwf at the beginning of March 2023 with the following

data:

- Cashier receives 500,000 Rwf from Manager On 2, March 2023
- Employee A receives 50,000 Rwf from cashier for Advertising charges on 6, March 2023
- Employee B receives 60,000 Rwf from cashier for Electricity charges on 16, March 2023
- Employee C receives 40,000 Rwf from cashier for Postage charges on 20, March 2023

Required: Prepare a petty cash journal (book) according to the above petty cash transactions.

Answer

DR	Date	Details	Total	Postage	Advertising	Electricity	Sundry Expenses
	2023 March		frw	frw	frw	frw	frw
frw 500,000	2nd Mar	Received					
	6th Mar	Advertising	50,000		50,000		
	16th Mar	Electricity	60,000			60,000	
	20th	Postage	40,000	40,000			
	Total		150,000	40,000	50,000	60,000	
	20th	Reimburse	350,000				
500,000			500,000				
350,000	6th	Bal. d/d					



Points to Remember (Take home message)

- ✓ Definition of petty cash transactions.
- ✓ Types of petty cash transactions.
- ✓ People involved in petty cash transactions.
- ✓ Procedures of petty cash transactions.



lc

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



Duration: 3 hrs



Learning outcome 1.3. Objectives :

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

5. Define Petty cash transactions
6. State types of petty cash transactions:
7. Know the People involved in petty cash transactions
8. Know and perform the Procedures of petty cash transactions



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Markers
Flips chart	Sample of petty cash claim form	Images
Computer	Template of petty cash	
Internet	Sample of petty cash	



Advance preparation:

- ✓ Template of petty cash
- ✓ Sample of petty cash claim form
- ✓ Sample of petty cash
- ✓ Chalk, Markers, Images

Indicative content 1.4.1: Possible irregularities in petty cash transactions

- **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**.

Indicative content 1.4.2: Procedures of dealing with transactions 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

lc

Theoretical learning Activity

Q1. Show and explain irregularities in petty cash transaction.

Answer

a) **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.

- b) **Missing cash or receipts**: cash may be lost or embezzled/stolen or a petty cashier may lose receipt(s).
- c) **Omitted transactions**: while recording petty cash transactions, a petty cashier may omit/forget some transactions.
- d) **Wrongly recorded transactions**.

Q2. Identify procedures of dealing with petty cash transaction irregularities.

Answer

- a) **Identification of irregularities**: you show all irregularities found out.
- b) **Notification of irregularities**: you make known or declare them to competent authority from Finance Department.
- c) **Irregularity references**: you show where those irregularities are found out

Learning Unity 1 : formative assessment

Written assessment

- Assessment tools
Paper ,pen, chock

Q1. Respond by **TRUE** if statement is correct or **FALSE** on below statements if statement is not correct

- a) **-Petty cash** : is an agreement, or communication, between a buyer and seller to exchange goods, services, or assets for payment.
- b) **-Financial transaction** : is a small amount of cash on hand used for paying expenses too small to merit writing a check.
- c) **-Petty cash voucher** : is a standard form used as a receipt whenever cash is withdrawn from a petty cash box.
- d) **-Petty cash claims** refer to the demand/request of petty cash by a petty cashier from the organisation.

Q2. Respond by choosing the letter with a correct answer

-The following are ones among the types of petty cash

- a. Voucher
- b. Refunds
- c. Cheques
- d. Credit cards
- e. All of the above
- f. Transactions:

-Petty cash claims checking methods cover:

- a. Proof reading
- b. Observation
- c. Analyse
- d. Revision of calculation
- e. None of the above

Q3. Match A with the corresponding answers in B

A	B
a.Total voucher amount	i. Is the difference between the Total and the Petty cash fund.
b.Petty cash on hand	ii. Represents the cash in the secure lock box on the date the petty cash journal is prepared.
c.Petty cash fund	iii. Is the amount of the fund established for petty cash. As we noted earlier, this amount usually ranges from \$100 to \$500.
d.Cash short / over	iv. Shows the total amount of cash spent during the period. This amount comes from the last row – Totals – in column Total.

Q4. Match the elements of A with their appropriate answers in B and in C by choosing the best corresponding.

A/Terms	B/Irregularities	C/Procedures
1. Missing cash or receipt 2. Irregularity references 3. Omitted transactions 4. Notification irregularities 5. Wrongly recorded transactions 6. Identification of irregularities 7. Discrepancy between receipt and petty cash.		



Pleasemix different assessment tools for triangulation and relevancy of assessment

Practical assessment

Q5.The company decided to create a petty cash fund in amount of \$300 at the beginning of February 2023. **SIFA** was named the petty cash custodian; employees **A**, **B**, and **C** will sometimes use petty cash to make small business-related purchases; **BAHATI** is the cash manager. At the beginning of the month **BAHATI** issued a check for \$200 to **SIFA** to set up the petty cash fund. **SIFA** cashed the check and placed the \$300 into a secure lock box in her office drawer. During February 2023 **Employee A**, **Employee B** and **Employee C**, made one small purchase each and were reimbursed by **SIFA** from the petty cash fund. All employees signed the vouchers and presented purchase receipts to **SIFA**. The purchases were as follows:

- \$55.00 for delivery charges on February 12, 2023 (**Employee 1**)
- \$32.40 for postage on February 23, 2023 (**Employee 2**)

- \$47.60 for small travel expenses on February 27, 2023
(Employee 3)

Required:

1. Establish petty cash fund journal entry.
2. Fill out petty cash vouchers for employee 1, employee 2 and employee 3.
3. Prepare a petty cash journal

References:

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2. Garrison, Noreen & Brewer (2006). Managerial Accounting 11e: Ottawa: McGraw-Hill.
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Learning Unit 2: Balance all Transactions



Duration: 25 hrs



STRUCTURE OF LEARNING UNIT

Learning outcomes:

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



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



Duration: 7 hrs



Learning outcome 2.1 : objectives :

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

- 1. Presente Procedures of transactions.**
- 2. Know the Procedures needed to process transactions through an accounting system.**



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Marker pen
Flips chart	Sample of invoice	Images
Computer	Sample delivery note	Pictures
Internet	Template of invoice	Receipt
Electronic Billing Machine (EBM)	Template of delivery note	Invoices
	Calculator	Delivery notes

Advance preparation:

Books
Sample of invoice
Sample delivery note
Template of invoice
Template of delivery note
Calculator Chalk
Marker pen
Images
Pictures

Receipt

Invoices

Delivery notes

Indicative content 2.1.1: Presentation procedures of transactions.

- **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.

Indicative content 2.1.2. Procedures needed to process transactions through an accounting system.

The steps in the accounting cycle are the following :

- ✓ Identifying transactions ;
- ✓ Recording transactions in a journal ;
- ✓ Posting the transactions ;
- ✓ Preparing the unadjusted trial balance ;
- ✓ Analyzing the worksheet ;
- ✓ Adjusting journal entry discrepancies ;
- ✓ Preparing a financial statement and
- ✓ Closing the book.



Theoretical learning Activity

Q1. State different steps of transactions in the accounting cycle.

Q2. Explain the presentation procedures of transactions.



Practical learning Activity



Points to Remember (Take home message)

- ✓ Procedures needed to process transactions through an accounting system.
- ✓ Presentation procedures of transactions.

lc

Learning Outcome 2.2:Ensure invoices payment to creditors are reconciled in accordance with workplace procedures.



Duration: 6 hrs



Learning outcome 2 : objectives :

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

1. Define Invoice, Creditors
2. Explain Invoice reconciliation principles
3. Know and explain Invoice reconciliation procedures
4. Know the role of invoice reconciliation



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Marker pen
Flips chart	Sample of invoice	Images
Computer	Sample delivery note	Pictures
Internet	Template of invoice	Receipt
Electronic Billing Machine (EBM)	Template of delivery note	Invoices
	Calculator	Delivery notes



Advance preparation:

Books

Sample of invoice

Sample delivery note

Template of invoice

Template of delivery note

Calculator Chalk

Marker pen

Images

Pictures

Receipt

Invoices

Delivery notes

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.
- **Creditors:** 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.

- **Debtors :** Debtor comes from the Latin <debere> meaning <to owe> It's the title of a person or company who owes money to another

entity. If the money they owe is to a financial institution, i.e a bank or insurance company then the debtor will be called a borrower.

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.

It is a process of confirming and matching every piece of information in invoices.

Invoice reconciliation also involves the verification and matching of the information inside each invoice.

Indicative content 2.2.3: Invoice reconciliation procedures.

Invoice reconciliation is the process of **matching bank statements to the outgoing and incoming invoices to make sure that all accounts are clean, and every book entry is**

correctly matched. Invoice reconciliation also involves the verification and matching of the information inside each invoice.

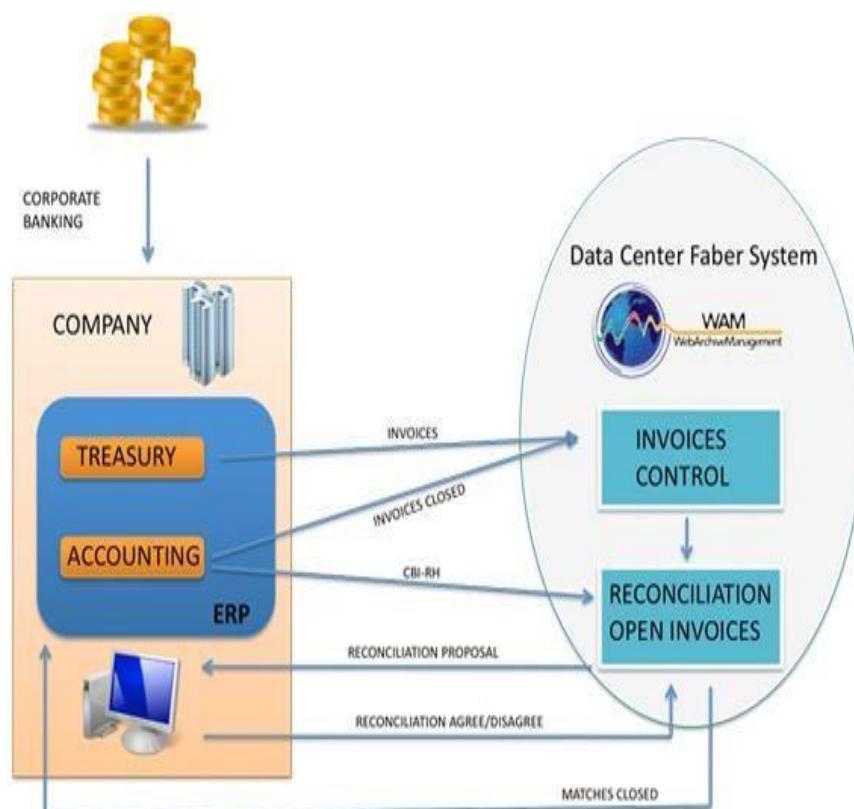


Figure : Invoice reconciliation procedures.

Indicative content 2.2.4: The role of invoice reconciliation.

- a. By tracking POs, invoices, and other records, invoice reconciliation software can **aid in the detection of fraud through a three-way check.**
- b. Performing invoice reconciliation can help uncover fraudsters at the source and manage their activities, whether it's supplier fraud or fraud during check payment.
- c. Invoice reconciliation is important for keeping your accounting records up to date and avoiding fraud.
- d. Invoice reconciliation is the process of matching bank statements to the outgoing and incoming invoices to make sure that all accounts are clean, and every book entry is correctly matched.
- e. Invoice reconciliation also involves the verification and matching of the information inside each invoice.
- f. Reconciliation in accounting is comparing two or more sets of numbers to ensure they are consistent and accurate. For **example**, it may indicate that the company is attempting to settle all **accounts payable** and bills within a specified time frame.
- g. Discrepancies and disagreements often result from a financial mistake made by the bank or the company. Conflicts can be resolved with the use of invoice reconciliation. There is the option of doing it manually or thorough software systems. This settlement procedure is therefore critical to enterprises resolve issues or minimize discrepancies.



Theoretical learning Activity

1. Define the following terms:

- **Invoice**
- **Creditor**
- **Debtor**

2. Specify invoice reconciliation principles.

3. Show the role of invoice reconciliation.



Practical learning Activity

4. With drawings, explain invoice reconciliation procedures.



Points to Remember (Take home message)

- ✓ Definitions of Invoice; Creditors and Debtor.
- ✓ Invoice reconciliation principles.
- ✓ Invoice reconciliation procedures.
- ✓ The role of invoice reconciliation.



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: 6 hrs



Learning outcome 2.3 : objectives :

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

1. Define: Delivery note Discrepancies
2. Identify discrepancies between invoices and delivery notes/service agreements
3. Methods for identifying discrepancies between invoices and delivery notes



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Marker pen
Flips chart	Sample of invoice	Images
Computer	Sample delivery note	Pictures
Internet		Receipt
Electronic Billing Machine (EBM)	Template of invoice Template of delivery note Calculator	Invoices Delivery notes



Advance preparation:

Books

Sample of invoice

Sample delivery note

Template of invoice

Template of delivery note

Calculator Chalk

Marker pen

Images

Pictures

Receipt

Invoices

Delivery notes

Indicative content 2.3.1: Definitions of the key terms.

a) Delivery note : A delivery note is **a document that accompanies a shipment of goods**. It provides a list of the products and quantity of the goods included in the delivery. A delivery note is also known as a 'dispatch note' or a 'goods received note'. Although they're normally printed, delivery notes can also be sent by email. It 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.



DELIVERY NOTE

Delivery Address

NAME
FULL ADDRESS
CITY, STATE
ZIP/POSTAL CODE/COUNTRY

DATE		ORDER #	
SHIPPING DATE		SHIPPING TIME	

ITEM CODE	ITEM DESCRIPTION	TOTAL

Thank you for your order!

Please check all items carefully and notify us of any discrepancy within 24 hours.

Items Received by:

Signature _____

Print _____

Date _____

COMPANY NAME
ADDRESS
CITY/STATE/PROVINCE
ZIP/POSTAL CODE/COUNTRY

b) Discrepancies : difference or mismatch between two figures/amounts. According to invoice and delivery note, discrepancies can be defined as the difference on amount between invoice and delivery note.

Indicative content 2.3.2: Identification of discrepancies between invoices and delivery notes/service agreements.

You can use invoice totals matching to help guarantee that total invoice amounts don't deviate from expected amounts by more than an acceptable variance. Six totals are compared on the **Invoice totals matching details** page. If any one of the totals deviates from the expected corresponding purchase order total, a matching discrepancy is flagged.

To review the invoice that has the totals matching discrepancies, in the **Vendor invoice entry** workspace, click the **Pending invoices** tile. Then, on the Action Pane, on the **Review** tab, click **Matching details**. If matching discrepancies have been detected, warning icons appear next to the invoice

amount. You can view more detail about the totals by viewing the invoice totals matching details.

After you identify a discrepancy, you might have to contact the vendor if you think that the information on the invoice is incorrect. Depending on the resulting agreement with the vendor, you can then take one of these actions:

- Accept the price difference, and post the invoice that has matching discrepancies. Your system might be set up to require approval before it can post if there are matching discrepancies. In this case, you must approve the matching discrepancy and can optionally enter an approval comment. You can then select to post the invoice.
- Revise the invoice amount to the expected amount, and post the invoice.
- Request a full credit and a new, corrected invoice from the vendor.

Indicative content 2.3.3: Methods for identifying discrepancies between invoices and delivery notes.

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

1. Differentiate Delivery note from Invoice.

2. What do you understand by <Discrepancies> on invoice and delivery note?
3. Explain the methods used for identifying discrepancies between invoice and delivery note.



Practical learning Activity



Points to Remember (Take home message)

- ✓ Definitions of Delivery note and Discrepancies.
- ✓ Identification of discrepancies between invoices and delivery notes.
- ✓ Methods for identifying discrepancies between invoices and delivery notes.



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: 6 hrs



Learning outcome 2.4 : objectives :

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

- 1. Identify errors in invoice charges (Types of errors)**
- 2. Know and explain Errors identification methods**



Resources

Equipment	Tools	Materials
Projector	Books	Chalk
Flash disk	Dummy	Marker pen
Flips chart	Sample of invoice	Images
Computer	Sample delivery note	Pictures
Internet		Receipt
Electronic Billing Machine (EBM)	Template of invoice Template of delivery note Calculator	invoices Delivery notes



Advance preparation:

- . Books
- Sample of invoice
- Sample delivery note
- Template of invoice
- Template of delivery note
- Calculator
- Chalk
- Marker pen
- Images

Pictures

Receipt

Invoices

Delivery notes

Indicative content 2.4.1: Identification of errors in invoice charges.

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.

- i) **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 21,000 instead of Rwf 20,000.
- 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 20,000 instead of Rwf 21,000.
- iii) **Transposition:** when 2 digits are reversed or transposed (**interchanged**). E.g. you write 7582 instead of 5782.
- 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 conditions of payment is not stated. E.g. EOM(at the End Of the Month), N60 or Net 60(after 60 days invoice date), payment at goods delivery.

Indicative content 2.4.2: Errors identification methods.

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

- ✓ **Proof reading:** 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

1. **What do you understand by Identification of errors in invoice charges.**
2. **Identify different types of errors in invoice charges.**
3. **Explain the methods used to identify errors in invoice charges.**



Practical learning Activity

- ✓ **In Workshop practice**



Points to Remember (Take home message)

- ✓ Types of errors in invoice charges.
- ✓ Methods used to identify errors in invoice charges.



Learning outcome 2 formative assessment

Written assessment

Q1. respond by true or false below statements

The steps in the accounting cycle are the following:

- ✓ Identifying transactions ;
- ✓ Recording transactions in a journal ;
- ✓ Posting the transactions ;
- ✓ Preparing the unadjusted trial balance ;
- ✓ Analyzing the worksheet ;
- ✓ Adjusting journal entry discrepancies ;
- ✓ Preparing a financial statement and
- ✓ Closing the book.
- **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 person or company who owes money to another entity.

Debtor : is a person or institution to whom money is owed.

Q2. Respond by choosing the letter with a correct answer

-The errors identification methods are the following:

- a. Proof reading
- b. Observation
- c. Analysis
- d. Revision of calculations

e. All of the above.

-The following are the presentation procedures of transactions:

- a. Checking of transactions record
- b. Explanation of cash transactions
- c. Getting feedback from the nominated person/ section
- d. a.b.c
- e. None of the above.

3. Match A with the corresponding answers in B

A	B
a. Overcharge error	i. When the conditions of payment is not stated.
b. Undercharge	ii. Happens when you charge little money than the correct amount.
c. Transposition	iii. When 2 digits are reversed or transposed.
d. No Due Dates	iv. When the date of payment of the date is not shown on invoice.
e. Unstated term of payment	v. Happens when you charge more money than the correct amount.

Q4. Read the following questions and respond accordingly:

- ✓ Differentiate Delivery note from Invoice.
- ✓ What do you understand by <Discrepancies> on invoice and
 - Delivery note.
- ✓ Explain the methods used for identifying discrepancies between
 - invoice and delivery note.
- ✓ Specify invoice reconciliation principles.
- ✓ Show the role of invoice reconciliation.

Q5. Identify the common errors committed while charging invoices.

Practical assessment

6. Enter the following transactions in a petty cash book, having analysis columns for Postage, Telegrams, office stationery, Travelling expenses and Sundry expenses:

- a. -march 1st: Received from cashier for petty cash \$ 700
- b. -march 2nd: Paid Bus fares \$ 30, Postage \$ 35
- c. -march 3rd: Bought office stationery for \$ 240
- d. -march 5th: Paid Bus fare \$ 40, Telegrams \$ 40
- e. -march 6th: Paid sundry expenses \$ 70

Balance the book as on March 6, and carry down the balance.

References:

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wiz.....0..0i3.OHA6Mh4yvj8, accessed on 5/6/2020.

3. Robert, B., Libby, E., & Dagossy. (2008). Financial Accounting. Ottawa: McGraw-Hill