**The Petty Cash Book**

The petty cash book is used for recording expenses of a smaller size than those recorded in the main cash book. The petty cash book is usually operated on the imprest system in which cash float is maintained. The cash float is reimbursed by the amount spent at the end of a specific period. The only source of cash inflows to the petty cash is the imprest. The expenses are spread on various items which are separately analyzed. At the end of specific periods the columns are added and posted to the debit side of the ledger accounts to which they relate.

**Control over Petty Cash Imprest**

A petty cash voucher must be filled and approved before the disbursement of any expenditure. The petty cash voucher shows the date, the amount paid, the purpose of the expenditure, the signature of the person who approved the payment and the signature of the person receiving the money. A surprise count of the imprest should be done occasionally so that the fund can always be kept intact.

**Advantages of the Imprest System**

1. It trains young staff (the petty cashier) to be responsible about money and accurate in accounting for it.
2. It saves the time of the main cashier, who is a person with great responsibilities.
3. The main cash book will not be overloaded with payment of items with low amount.
4. It makes expense analysis and monitoring easy.
5. It reduces the number of accounts to be opened in the ledger accounts thereby facilitating balancing of periodic accounts with ease

**Illustration**

Rasak Ventures maintains an imprest of N10,000 per month. The transactions for the month of February, 2021 are as follows:

N

Feb. 1 Petty cash in hand 2,500

Received cash to make up the imprest

Feb. 3 Bought postage stamps 650

Transport fare 400

Feb 6 Telephone bills 1,500

Paid carriage 650

Taxi fares 850

Feb 7 Paid for repairs to computer keyboard 1,600

Paid carriage 2,500

Office entertainment (beverages) 1,000

Purchase of envelopes 550

**Required: prepare the petty cashbook for the period.**