

QuickBooks Guide

Step-by-Step Instructions

Problem 22-7 Using a Petty Cash Register

INSTRUCTIONS

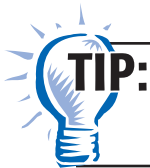
Begin a Session

Step 1 Restore the Problem 22-7.QBB file.

Work the Accounting Problem

Step 2 Review the information provided in your textbook. Remember to use 2015 as the accounting year.

Step 3 Record the entry to establish the petty cash fund.



TIP: Use the **Write Checks** option to record the establishment of the **Petty Cash** fund.

Step 4 Record the petty cash disbursement for February 2, 2015 using the Petty Cash Register.

February 2, prepared Voucher 1 for a \$9.25 newspaper advertisement (Advertising Expense).

To enter petty cash disbursements:

- Choose **Use Register** from the **Banking** menu.
- From the Select Account drop-down list, choose **110 Petty Cash**.
- Click **OK**.
- Type **02/02/2015** in the *Date* field, and press **Tab**.
- Type **V1** in the *Number* field, and press **Tab**.
- Type **Silver City Star** in the *Payee* field, and press **Tab**. When the Name Not Found window appears, click **Quick Add**.
- When the Select Name Type window appears select **Vendor**, and click **OK**.
- Type **9.25** in the *Payment* field, and press **Tab**.
- Type **Advertising Expense** in the *Account* field and press **Tab**.
- Type **Newspaper ad** in the *Memo* field.
- Click **Record**.

Step 5 Enter the remaining petty cash disbursements. Use local business names in your neighborhood for vendor accounts.

Step 6 Record the entry to replenish the petty cash fund.



TIP: Use the **Write Checks** option to record the replenishment of the **Petty Cash** fund.

February 28, record the issuance of Check 3875 to replenish the petty cash fund.

To replenish the petty cash fund:

- Type the check information in the top portion of the check.
- On the Expense tab, type **Petty Cash** in the *Account* field, and type **118.65** in the *Amount* field.
- Type **Cash Short & Over** in the *Account* field and **-3.00** in the *Amount* field for the overage.
- Save the check.

Prepare a Report and Proof Your Work

Step 7 Print a Journal report, and proof your work.

Analyze Your Work

Step 8 Complete the Analyze activity.

End the Session

Step 9 It is recommended that you back up your work for this session.

What account type does QuickBooks assign to the Petty Cash account and why does it use that type? Explain your answer on a separate sheet of paper.



FAQs

Can you use the **Make General Journal Entries** option for cash fund transactions?

You have learned how to use the **Write Checks, Pay Bills, Enter Sales Receipts**, and **Receive Payments** options to record cash payments and receipts, respectively. However, you can always use the **Make General Journal Entries** option to record transactions involving cash. The only disadvantage to using this option is that QuickBooks will not print checks for any cash payments transaction you record. However, this is not an issue if you manually write checks and use QuickBooks only to record the transactions.

You can record various cash funds transactions using the **Make General Journal Entries** option, but you can always work with the **Write Checks, Pay Bills, Enter Sales Receipts**, and **Receive Payments** options if you are more comfortable using these options.

Does QuickBooks include any features to prepare a petty cash register?

QuickBooks does provide a register for the petty cash account. Although you must manually prepare the vouchers, you can enter them into the petty cash register. You can also use the **Write Checks** option to establish and replenish the petty cash account.