

Accounting
Petty Cash Simulation Activity
Teacher Instructions

Materials Needed:

- Small boxes, envelopes, or money bags for each group of students. I have the students work in pairs.
- Play money in denominations of \$20, \$10, \$5, and \$1. I used real coins for the change. You can use real coins, make coins, or change the amounts of the transactions to even amounts.
- Blank journal page, blank petty cash report, blank checks, blank petty cash vouchers, set of transactions, and set of student instructions. All of these items are included in this file.
- Candy or other reward for students completing the activity correctly.

Teacher Preparation:

- Prior to class, have \$200 in play money ready to give each group when they turn in their check to establish the petty cash fund to the bank. I intentionally made each set of "\$200" long or short by different amounts (usually \$1-\$3).
- You will also need extra play money and change on hand to give students change when they make their purchases.
- Prepare the boxes, envelopes, or money bags with the following items:
 - Blank journal page
 - Blank petty cash report
 - 2 blank checks (#115 & #116)
 - 4 blank petty cash vouchers
 - 1 set of transactions
 - 1 set of student instructions

Accounting
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Student Instructions

- Students will work with a partner for this activity.
- The oldest student in the group will serve as the accounting custodian, and the younger student will serve as the accounting clerk.
- Each pair of students will receive a petty cash box. In your box, you will have:
 - A journal
 - A petty cash report
 - 4 petty cash slips
 - 2 blank checks
 - A set of 4 transactions
- On October 1st of the current year, the accounting custodian will write check #115 to establish a petty cash fund of \$200.00. The check should be paid to the order of "Cash." The custodian will also journalize this transaction on page 10 of the journal.
- The accounting clerk will take the check to the bank (the instructor) and cash the check. Then the clerk will return the cash to the petty cash box.
- The accounting clerk will ask the accounting custodian for cash from the box to purchase the first item on the transaction list. The custodian will give the clerk enough cash to purchase the item in the first transaction.
- The clerk will then go to the store (the instructor) and "purchase" the item. The instructor will initial the transaction to serve as the receipt of the payment and will give the clerk the appropriate amount of change.
- The clerk will return the change to the custodian. The custodian will complete a petty cash voucher for the transaction.
- You will follow this process for the next three transactions.
- After all transactions have been completed, the custodian will prepare the petty cash report in order to have the petty cash box replenished at the end of the month.
- The accounting clerk should assist the custodian in completing the form and check for accuracy.
- The accounting custodian will then prepare the journal entry to replenish the petty cash box.
- The accounting custodian will write check #116 for the appropriate amount to replenish the petty cash box. The check should be paid to the order of "Cash."
- The accounting clerk will take the check to the bank to be cashed. Then the clerk will return the cash to the petty cash box.
- Both accounting personnel will count the money in the cash box to ensure there is now \$200 in the petty cash box.
- Once this is completed, both partners' names should be written on a sticky note and placed on the petty cash box. All documents should be placed back in the box. The box should then be placed on the round table in the back of the room.
- The instructor will then grade for accuracy. All students completing everything correctly will receive a reward!

[illegible]

PETTY CASH REPORT

Date: _____

Custodian: _____


	Explanation	Reconciliation	Replenish Amount
Fund Total			
Payments:			
Less: Total Payments		↑	
Equals: Recorded amount on hand			
Less: Actual amount on hand			
Equals: Cash short (over)		↑	
Amount to Replenish			

115

DATE _____

PAY TO THE
ORDER OF _____ \$ _____

DOLLARS

 **MoneyInstructor.com Bank**
1221 Main Street
Anywhere, US 10001

FOR _____


⑆74894934⑆ 6793868122⑈ 0115

116

DATE _____

PAY TO THE
ORDER OF _____ \$ _____

DOLLARS

 **MoneyInstructor.com Bank**
1221 Main Street
Anywhere, US 10001

FOR _____

⑆74894934⑆ 6793868122⑈ 0116

Petty Cash Voucher

Date

Voucher Number

Description	Sum
Total	

Approved By

Cash Received

Petty Cash Voucher

Date

Voucher Number

Description	Sum
Total	

Approved By

Cash Received

Petty Cash Voucher

Date

Voucher Number

Description	Sum
Total	

Approved By

Cash Received

Petty Cash Voucher

Date

Voucher Number

Description	Sum
Total	

Approved By

Cash Received

October 5: Used petty cash to purchase batteries (Supplies-Office). \$12.87

October 7: Used petty cash to purchase stamps (Postage Expense). \$6.00

October 10: Used petty cash to buy donuts for staff meeting (Misc. Expense). \$28.56

October 25: Used petty cash to have keys made (Supplies-Office). \$18.92