

# Petty Cash Accounting Treatment Analysis At Cattamaran Beach Club

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**Abstract:** The company's petty cash activities must determine the appropriate method according to the company's petty cash needs. Therefore petty cash must be recognized, measured, recorded, presented and disclosed in the financial statements for the purposes of internal and external parties. The purpose of this study was to determine how the accounting treatment of the Cattamaran Beach Club (CBC) petty cash fund and the impact of the petty cash accounting treatment on the financial statements. This study uses a qualitative approach by analyzing primary data in the form of interviews with chief accounting, general cashier and purchasing, and secondary data in the form of documentation from the December 2021 petty cash report, 2021 income statement, financial position report as of 31 December 2021. Analysis techniques The data used is a comparative descriptive analysis method. The results of this study indicate that the recognition of CBC's petty cash is recognized when the petty cash is formed. CBC petty cash measurement uses rupiah currency for each transaction and journal. CBC petty cash recording using a double entry system with the fixed fund method. For the presentation of petty cash, CBC petty cash is presented in the current assets element in Statement of Financial Position. For CBC petty cash disclosures, the petty cash balance disclosed in the financial statements is not the same as the physical balance. Several petty cash transactions that are not recognized as adjustments at the end of the year have an impact on the disclosure of several Financial Statement accounts.

**Keywords:** Cash, Petty Cash, Imprest Fund Method, Financial Statements

## Introduction

In the daily operations of the company, relatively small equipment and supplies are needed to support operational activities. To support the demand for these goods, expenditure funds are needed (Atika and Pusung, 2018). These funds must be paid immediately for smooth operations, and these funds are not effective for paying by check (Wongkar, Nangoi and Tangkuman, 2017). According to Zaki Baridwan (2017), petty cash funds are cash provided to pay for expenses that are relatively small in number and are not economical when paid by check. Small cash purchases will be more effective if the company uses petty cash. This is because petty cash is a bailout fund to pay sudden payments and to speed up the payment process, which must use a check or use a financial attachment signed by the director in advance (Wulandari and Epi, 2021).

In managing petty cash, the company must determine the right method according to the company's petty cash needs to match what the company has set about petty cash treatment. Therefore petty cash must be recognized, measured, recorded, presented and disclosed in financial statements for the purposes of internal and external parties (Darwis, Wahyuni and Dartono, 2020). The recognition, measurement, recording, presentation and disclosure of petty cash in companies is not only based on the policies applied by the company but also based on the Generally Accepted Accounting Principles (GAAP) used by the company (Martani, 2018). According to Wulandari and Khabibah (2021), GAAP is an operational guidance framework consisting of accounting standards and other sources that are supported by official (juridical), theoretical, and practical implementation. As an operational guideline, GAAP will be the criteria to determine whether the accounting treatment for petty cash in the company has been carried out properly, correctly and honestly. Therefore, since its inception the company must use GAAP (Karlina, Ariandi, Humaeroh and Martiwi, 2019).

Poor management of petty cash can disrupt the smooth operation of the company and financial reports (Savsavubun, Saerang and Gamail, 2021). After observing the Cattamaran Beach Club, it was found that the company's accounting treatment of petty cash was not in accordance with GAAP. This can be seen from the inaccuracy of recording and presenting petty cash such as petty cash replenishment journals which often do not match the amount of petty cash that has been issued and adjusting journal entries at the end of the period that are not appropriate. This inaccurate adjusting journal is caused because the invoice that has been paid is still held by the supplier, so the invoice cannot be journalized. The lack of adjustments at the end of the period will have an impact on the presentation of petty cash balances in financial statements that are not the same as physical petty cash balances (Mindhari, Yasin and Isnaini, 2020). Therefore, this study was conducted to find out how the petty cash treatment applied at Cattamaran Beach Club and its impact on the financial statements.

## Method

This study uses a qualitative research type. The place of this research is Cattamaran Beach Club which is located at Pantai Melasti Street, South Kuta District, Badung, Bali. This research was conducted for 4 months starting from February 2022 to May 2022. There are 2 sources of data, namely primary data and secondary data. The primary data needed in this study are the results of interviews with the chief accountant and the holders of the Cattamaran Beach Club petty cash. Then the secondary data used are the Statement of Financial Position, Income Statement, journal recording transactions involving petty cash and Petty Cash Fund Reports at Cattamaran Beach Club. Data collection techniques used are interviews and documentation. Interviews were conducted with the chief accountant, general cashier and petty cash holders of the Cattamaran Beach Club to find out how the petty cash fund of the Cattamaran Beach Club was treated. The documentation carried out in this study is to collect data related to the accounting treatment of petty cash funds such as: Statement of Financial Position, Profit and Loss Statement, journal recording of transactions involving petty cash and Petty Cash Fund Report at Cattamaran Beach Club. The data analysis technique used is a comparative descriptive analysis technique, namely the comparison of the data held with the theory of petty cash accounting treatment based on GAAP.

## Result and Discussion

### Result

In Generally Accepted Accounting Principles (GAAP), the aspects of petty cash accounting treatment are recognition, measurement, recording, presentation and disclosure. There are some deviations in the accounting treatment of Cattamaran Beach Club petty cash with GAAP. Comparison of Cattamaran Beach Club petty cash treatment with GAAP can be seen in Table 1.

Table 1.  
Comparison of Petty Cash Accounting Treatments Fixed Fund Method  
At Cattamaran Beach Club with GAAP

No	Petty Cash Accounting Treatment	Accounting Principles General Gratitude	Cattamaran Beach Club	Description
1.	Recognition	Recognized at formation.	Recognized from the time of establishment of petty cash amounting to Rp8,000,000.00	complies with GAAP.
2.	Measurement	Using rupiah currency	Using rupiah currency	complies with GAAP.
3.	Recording	Using double entry and using fixed or fluctuating methods	Using double entry (journalizing) using the fixed fund method.	complies with GAAP.
4.	Presentation	Petty cash is presented as an element of current assets.	Petty cash is presented as an element of current assets	complies with GAAP.
5.	Disclosure	Disclosing petty cash balances in the financial statements for the physical balance.	The petty cash balance on the financial statements is not the same as the physical petty cash balance.	not GAAP compliant..

Source: Secondary Data processed, 2022

Disclosure of petty cash at Cattamaran Beach Club is disclosed not in accordance with the balance in the Petty Cash Statement. There is a difference between the ending balance of the Petty Cash Statement and that presented in the Statement of Financial Position of Rp666,000.00.

### Discussion

Petty cash is often used for operational activities at the Cattamaran Beach Club. The petty cash accounting treatment applied by Cattamaran Beach Club is:

#### a. Recognition and Measurement

Petty cash recognition at Cattamaran Beach Club is when the petty cash amount is Rp. 8,000,000.00 with the account name Petty Cash. The formation of petty cash is set at Rp8,000,000.00 divided by

Rp5,000,000.00 Petty Cash Online for purchasing or paying for goods online and Rp3,000,000.00 Petty Cash Operational used for purchasing or paying for goods in cash.

The petty cash measurement at Cattamaran Beach Club is to use the rupiah currency value. Petty cash disbursement transactions use the rupiah currency value along with all elements in the financial statements.

b. Recording

The recording carried out at the Cattamaran Beach Club of a financial transaction uses a double entry system, namely recording in pairs or often referred to as journaling. Each of these records has a debit and a credit side. The recording method used is the fixed fund method. The following is an example of a journal regarding the recording of petty cash carried out by the company.

- 1) On November 17, 2021, a petty cash amount of Rp8,000,000.00 shall be established, with details of Rp3,000,000.00 for Petty Cash Operational and Rp5,000,000 for Petty Cash Online.

Petty Cash (D)	Rp8.000.000,00	
Cash In Bank (K)		Rp8.000.000,00

(Establishment of petty cash)

- 2) On December 16, 2021, the Petty Cash Operational will be replenished in the amount of Rp1,352,900,00.

Garden Supplies (D)	Rp200.000,00	
Cleaning Supplies (D)	Rp60.000,00	
Decorations (D)	Rp186.000,00	
Other Expenses (D)	Rp348.600,00	
Ceremonies (Upakara) (D)	Rp30.000,00	
Kitchen Supplies (D)	Rp238.500,00	
Inventory (D)	Rp50.000,00	
Printing & Stationary (D)	Rp78.000,00	
Transport Gojek/Grab (D)	Rp161.800,00	
Cash In Bank (K)		Rp1.352.900,00

(Reimbursement of operational petty cash)

There is a note dated December 12, 2021, the name of the Kitchen Supplies account with a net total of Rp. 114,750.00. General Cashier recorded in the journal Rp127,500.00 the total gross amount before being deducted by a 10% discount of Rp12,750.00. This makes the charge to the Kitchen Supplies account larger than it should be and makes the petty cash replenishment amount Rp12,750.00 larger. Because of this, the corrective journal entries are:

Petty Cash (D)	Rp12.750,00	
Kitchen Supplies (K)		Rp12.750,00

(kitchen supplies expense correction journal)

- 3) On December 31, 2021 General Cashier made adjustments according to the notes collected from Purchasing.

Transport Other (D)	Rp49.000,00	
Transport Reimburs (D)	Rp82.000,00	
Operating Equipment (D)	Rp200.600,00	
Other Supplies (D)	Rp15.000,00	
Inventory (D)	Rp164.800,00	
Printing & Stationary (D)	Rp16.500,00	
Kitchen Supplies (D)	Rp15.000,00	
Decorations (D)	Rp80.000,00	
Petty Cash (K)		Rp622,900,00

(Petty cash operational adjustments)

Kitchen Supplies (D)	Rp279.400,00	
Petty Cash (K)		Rp279.400,00

(Petty cash online adjustments)

There are several petty cash disbursements transactions that are not recorded in the adjusting journal due to incomplete proof of transactions such as notes still held by the supplier and missing notes.

- 4) At the beginning of the month January 2, 2022 General Cashier will make a reversing journal so that the nominal petty cash balance returns to Rp8,012,750.00.

Petty Cash (D)	Rp902.300,00	
Transport Other (K)		Rp49.000,00
Transport Reimburs (K)		Rp82.000,00
Operating Equipment (K)		Rp200.600,00
Other Supplies (K)		Rp15.000,00
Inventory (K)		Rp164.800,00
Printing & Stationary (K)		Rp16.500,00
Kitchen Supplies (K)		Rp294.400,00
Decorations (K)		Rp80.000,00

(Petty cash adjustment reversal journal)

c. Presentation

Cattamaran Beach Club provides petty cash with structured account placements. Petty cash is presented in the statement of financial position (balance sheet) in the current asset element. The company presents asset accounts based on liquidation level, liability accounts based on maturity date.

d. Disclosure

Disclosure of petty cash at Cattamaran Beach Club is disclosed not in accordance with the balance in the Petty Cash Statement. There is a difference between the ending balance of the Petty Cash Statement and that presented in the Statement of Financial Position. The balance in the Petty Cash Statement is Rp6,444,450.00 while the nominal petty cash in the Statement of Financial Position is Rp7,110,450.00, so there is a difference in petty cash disclosure of Rp666,000.00.

Cattamaran Beach Club recognizes petty cash using the imprest fund method, which means that all petty cash transactions are recognized and recorded (journed) at the time of replenishment. If at the end of the year it is not replenished, it is necessary to make an adjusting entry to present and disclose petty cash and expense accounts in the financial statements. However, in the field there are several petty cash transactions that have not been recorded in the adjusting journal because the notes are still held by the supplier and the notes are lost. If this transaction is not recorded in the adjusting journal, it will affect the disclosure of the petty cash and related expense accounts in the financial statements, especially the Statement of Financial Position and Income Statement.

At the beginning of 2021 until January 7, 2022, the petty cash note that has not been received by General Cashier is the first note dated December 28, 2021 for the purchase of butter head lettuce for Rp90.000,00. This butter should be charged to the Inventory account. Of course this affects the amount of inventory disclosure in the Statement of Financial Position from Rp800,738,402.00 to Rp800,828,402.00.

Then the second note is dated December 30, 2021, amounting to Rp420,000.00 for the purchase of a wine glass in cash. This glass should be charged to the Operating Equipment account and this makes the operating equipment disclosure in the Statement of Financial Position should be Rp200,467,500.00 from the previous Rp200,047,500.00.

Then the third is a note dated December 30, 2021, amounting to Rp156,000.00 for online purchases of internet sales staff packages. This purchase was charged to Media Products and this account should have been disclosed at Rp38,291,860.00. With the addition of expenses of Rp156,000.00, of course, the income tax paid will be smaller because the company's profit is reduced.

These three notes make a difference in the disclosure of petty cash balances in the Statement of Financial Position with a physical balance of Rp666,000.00.

## Conclusion

The conclusion of this study are the recognition of petty cash at the Cattamaran Beach Club starting from the formation of petty cash as a current asset in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP), namely petty cash used for purchases with a relatively small nominal. The measurement of the Cattamaran Beach Club petty cash is in accordance with GAAP, which uses the rupiah currency for each transaction and journal. Then for the recording of the Cattamaran Beach Club petty cash, it is in accordance with GAAP, namely using double entry with the recording of the fixed fund method. Then for the presentation of Cattamaran Beach Club petty cash in accordance with GAAP, namely petty cash is presented as an element of current assets in the Statement of Financial Position. The disclosure of the Cattamaran Beach Club petty cash is not in accordance with GAAP because the petty cash balance disclosed in the financial statements is not the same as the physical balance. There is a discrepancy in disclosure of Rp.666,000.00. Several petty cash transactions that were not recognized as adjustments at the end of the year resulted in the disclosure of some accounts being understated in the

Financial Statements. These accounts are an understated Inventory account of Rp90.000,00 and Operating Equipment understatement of Rp420,000.00 in the Statement of Financial Position, as well as an understated Media Product account of Rp156,000.00 in the Profit/Loss Statement as an expense.

The implication of this research is that proper recording of petty cash adjustments at the end of the year can affect the disclosure of accounts involved in petty cash transactions, be it assets, liabilities, equity, income and expenses in the financial statements. The results of this study can be used as input for General Cashier and Purchasing in petty cash management by paying attention to petty cash accounting treatment based on GAAP.

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