



Dealership Checkbook Manual



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ASSET ACCOUNT

1000 PETTY CASH FUND

ACCOUNT DESCRIPTION

Cash on hand in a small permanent imprest fund to be used for minor expenditures and for change.

TYPICAL TRANSACTIONS

| | Account | Debit | Credit |
|---|---------|-------|--------|
| Check issued to establish or increase petty cash fund. | | | |
| Petty Cash | 1000 | X | |
| Cash in Bank - General | 1010 | | X |
| | | | |
| Check issued to reimburse petty cash fund for stamps, miscellaneous shop supplies, and small freight charges. | | | |
| Office supplies | 8200 | X | |
| Tools & Supplies | 8210 | X | |
| Freight - Parts | 8330 | X | |
| Cash in Bank - General | 1010 | | x |
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ACCOUNT COMMENTS

- Each petty cash payment should be supported with a petty cash voucher written in ink, signed by the recipient and signed off on by a manager. Suppliers' invoices should be attached to the petty cash voucher.
- The sum of all petty cash vouchers on hand and the cash on hand should always equal to the recorded balance in the account.
- The petty cash fund should be reimbursed periodically and at the end of the month by issuing a check to the person in charge of the fund. A petty cash summary listing the paid vouchers should be prepared to support the reimbursement. All vouchers and invoices should be cancelled to prevent possible future misuse.
- Payroll or payroll advances should not be given out of petty cash.

ASSET ACCOUNT

1010 CASH IN BANK

ACCOUNT DESCRIPTION

Cash on deposit with the bank in the dealership's regular checking account.

TYPICAL TRANSACTIONS

| | Account | Debit | Credit |
|---|---------|-------|--------|
| Collection of finance contract | | | |
| Cash in Bank - General | 1010 | X | |
| Contracts in Transit | 1020 | | X |
| Collection of parts, service, body shop accounts receivable | | | |
| Cash in Bank - General | 1010 | X | |
| Accounts Receivable – Parts, Service and Body Shop | 1150 | | X |
| Cash portion of daily sales | | | |
| Cash in Bank - General | 1010 | X | |
| Cash Clearing | 1050 | | X |
| Bank Expenses | | | |
| Miscellaneous Expense | 8410 | X | |
| Cash in Bank - General | 1010 | | X |
| Check Issued to pay vendor on account | | | |
| Accounts Payable – Trade Creditors | 2000 | X | |
| Cash in Bank - General | 1010 | | X |

ACCOUNT COMMENTS

- All cash received should be deposited into this account on a daily basis.
- It is recommended that all checks require two authorized signatures
- All copies of a voided check should be retained together and the signature area should be removed.
- Bank reconciliation should be prepared immediately upon receipt. If possible a different person should reconcile this account two or three times a year.

- Use of a payroll bank account simplifies the bank reconciliation procedure by separating payroll checks from the regular checking account and allows more than one employee to reconcile the regular checking account.
- A deposit equal to the amount of the payroll should be made into the account. This can be done as each payroll is done or a transfer at the beginning of each month to cover the monthly payroll.
- Bank reconciliation should be prepared immediately upon receipt of the bank statement.

ASSET ACCOUNT
1020 CONTRACTS IN TRANSIT

ACCOUNT DESCRIPTION

Money due from banks and finance companies on sales contracts on vehicles.

TYPICAL TRANSACTIONS

| | Account | Debit | Credit |
|---|---------|-------|--------|
| Vehicle sales contract money received from bank | | | |
| Cash in Bank General | 1010 | X | |
| Contracts in Transit | 1020 | | X |
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ACCOUNT COMMENTS

- Records should be kept to support this account. At month end a detail of the account should be prepared showing the finance source, customer name, contract date, date contract submitted to bank, and the amount outstanding.
- For control purposes and cash flow purposes a method should be established to insure that money due is received from the finance source promptly.