

- CASH CONTROL USING A CASH REGISTER
a learning element for staff of consumer cooperatives

international labour office, geneva

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by Urban Strand



MATCOM
Material and techniques for cooperatives management training

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In collaboration with cooperative organizations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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CASH CONTROL USING A CASH REGISTER

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PREREQUISITES

To benefit from this MATCOM Learning Element, you should:

- have studied the MATCOM Element "Handling of Cash", or have the corresponding knowledge.

HOW TO LEARN

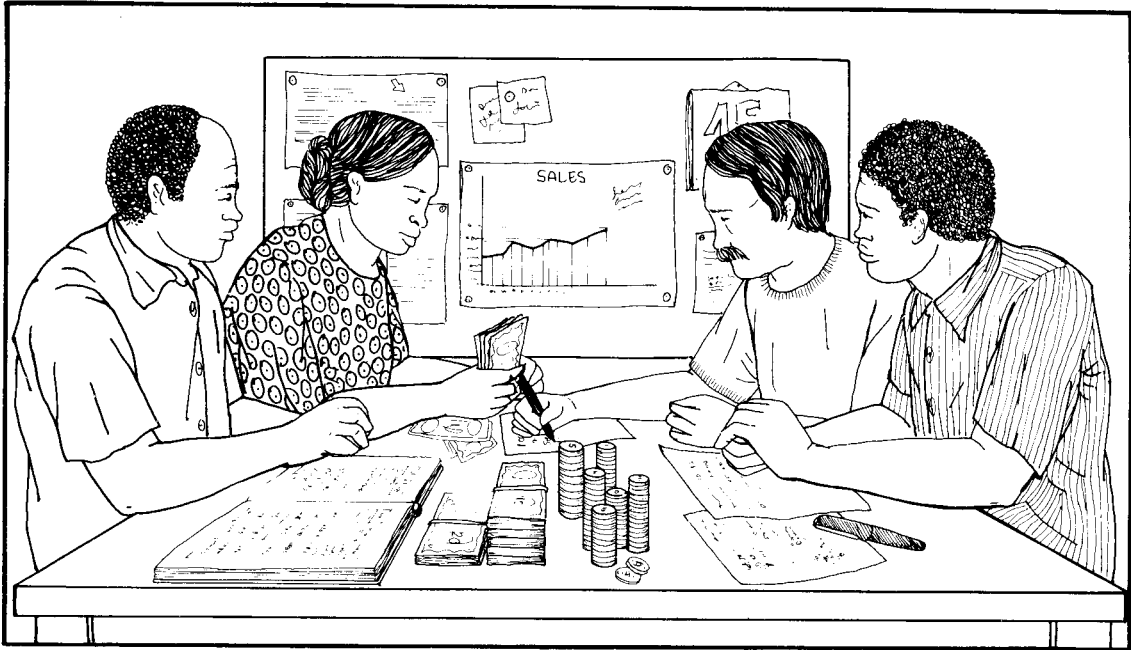
- Study the Element carefully.
- Give written answers to all the questions in the Element. This will help you not only to learn, but also to apply the knowledge in your work at a later stage.
- After studying the Element on your own, discuss it with your instructor and your colleagues, then take part in the practical exercises organised by your instructor.

TRAINER'S NOTES

are available for this Element. See the Trainer's Manual.

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INTRODUCTION



The committee members of the Desilu Co-operative Society were having a meeting. They were discussing their shop. They suspected that some money was missing from the takings. But how much? How did it disappear? When? They didn't know.

The problem was that they didn't have any cash control. They decided they must start now to control their cash. This way shortages or overs show up at once. Mistakes are much easier to correct when they are found quickly.

Before you start this Element, it is a good idea to study the MATCOM Element called "Handling of Cash". In that Element you can learn about charging customers correctly, and about the safe ways of handling and keeping money.

NOTE !

This Element is suitable for those who are working with a cash register or intend to get one very soon.

Otherwise you should study the MATCOM Element "Cash Control without a Cash Register."

RECORDING OF SALES

The staff of the Desilu Shop had received very simple instructions. Every time any goods were sold, the money received had to be put in the cash drawer. Either the manager or the secretary would count the money and bank it. Last month, T\$32,300* had been paid into the bank. This amount was much less than usual.

The main problem was that the committee did not know if any money was missing. They knew how much had been put in the bank, but was that all the money that had been paid for goods sold? They did not think so. They suspected that some of the money had disappeared.

"If only we knew exactly which goods were sold, and their prices," said one committee member, "then we could calculate how much money we should have."

The committee members could see that this was true.

"We'll ask the cashiers to record everything they sell," they decided.

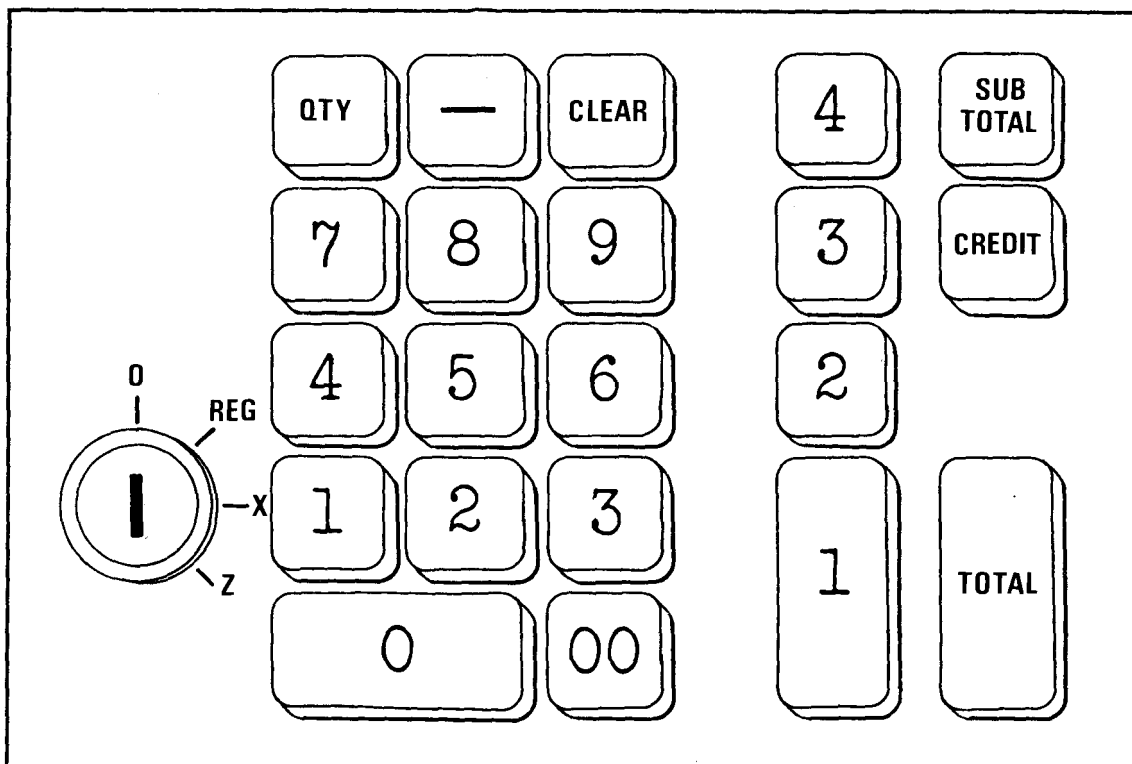
The committee bought a cash register. This machine makes the recordings of sales easy



* We use an imaginary currency here, because this booklet is used in many countries. We call it "Training dollars and cents" (T\$ and c).

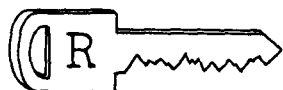
Look at the picture of the cash register. The buttons with numbers and letters on them are called KEYS. Every time something is sold, the cashier presses some of these keys to register the price. The cash register automatically prints the amount on a built-in sales journal. Now let's have a closer look at the cash register to see how it works.

This is the keyboard:

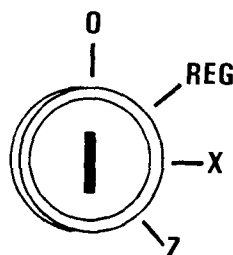


The register cannot be operated unless it is unlocked using the registration key.

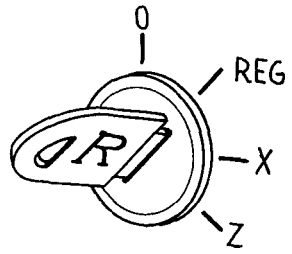
Here is the lock for the keyboard. The cashier on duty will have a key like this



to unlock the keyboard.



Today Mary is the cashier on duty. She has got the key. She puts the key in the lock and switches to the position "REG".

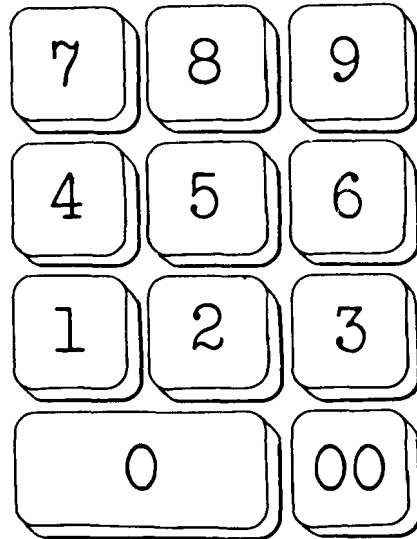


"REG" stands for registration. As long as the key is kept in that position, registrations may take place. The positions "X" and "Z" cannot be reached with this key. They are used for controls and you will learn more about them later.

The cash register is now unlocked and Mary is ready to take care of Mrs. Duma, her first customer.

Mary registers a tin of cooking oil at T\$13.20. She presses the amount-keys 1 - 3 - 2 - 0.

As you see, the amount-keys on this register are similar to those of an adding machine. The cash register will do the job of the adding machine, too.



Older types of cash registers usually have more amount-keys.

If you are used to one like that, you know that you must be careful to touch the keys in the correct columns. There are three columns of keys for dollars and two for cents.

On this type of register you do not need to touch a key to register zero. On the right you can see which keys need to be pressed to register T\$.13.20.

900	90	9	90	9
800	80	8	80	8
700	70	7	70	7
600	60	6	60	6
500	50	5	50	5
400	40	4	40	4
300	30	3	30	3
200	20	2	20	2
100	10	1	10	1

? Which keys would you press to register T\$127

a) on a keyboard of the type shown on page 4? Write them here in the order you would press them:

b) on the older type of cash register? Mark the keys with an X on the picture above.

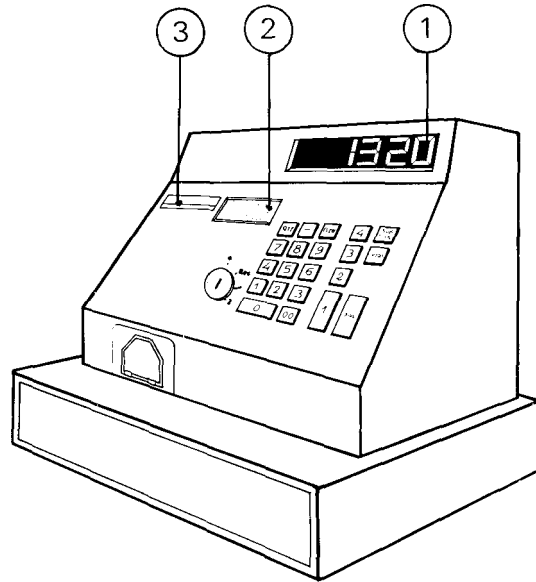
After she has registered the amount, Mary presses a department key. She uses the big key marked " 1 "

The register makes a sound which tells Mary that the sale has been registered.

			4
7	8	9	3
4	5	6	2
1	2	3	1
0	00		

Three things happen when Mary presses the department-key:

- ① The amount appears on the display. That way the customer and the cashier can check what has been registered.
- ② The amount is printed in the sales journal. It is a paper roll which is locked into the register. It can be taken out by the manager or an auditor who wants to check the recordings. You can see what is printed through a small window.
- ③ The amount is printed on a ticket. This ticket will be cut off and given to the customer when all her purchases have been registered.



The other department keys may be used when the shop has more than one department. That way separate records can be kept of what is sold in each section of the shop.

For example, if there is a Clothing Section, key No. 2 could be used for the registration of sales from that department.

Mrs. Duma bought a pair of socks at T\$9.50. Mary had to register that amount to the Clothing Department. She pressed the amount and then key No. 2.

The department numbers are shown on the sales journal and the ticket.



<i>Department</i>
↓
13.20 -
9.50 ~

The department key marked "1" is bigger than the others. This key is used for the department that has most goods. It will be touched most often and should be easy to hit. In shops where there are no sections with separate records, only this department key will be used.

Department keys may be of different design on different registers. The number of department keys may differ from one register to another. Sometimes they are marked with figures and sometimes with letters or signs. There may be no department keys on old types of cash registers, just a single big key for adding the prices. (This is called a "motor bar".)



Have a look at the cash register in the shop you work in.

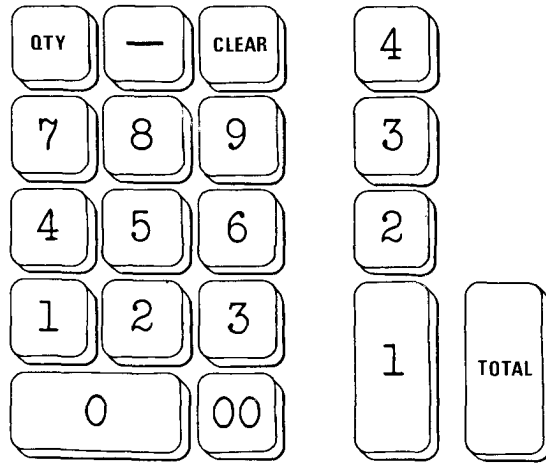
- a) Are there department keys or a motor bar?

- b) If there are department keys, how are they marked?

- c) Which departments are they used for?

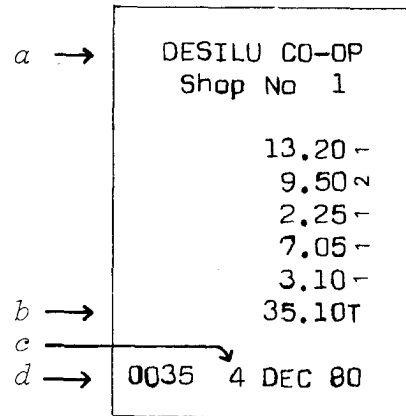
When Mary has registered all Mrs. Duma's purchases, she presses the total key.

That makes the cash register add up the amount Mrs. Duma has to pay. This total shows on the display and is printed on the journal and on the ticket.



When Mrs. Duma has paid for her goods, Mary will give the ticket to her.

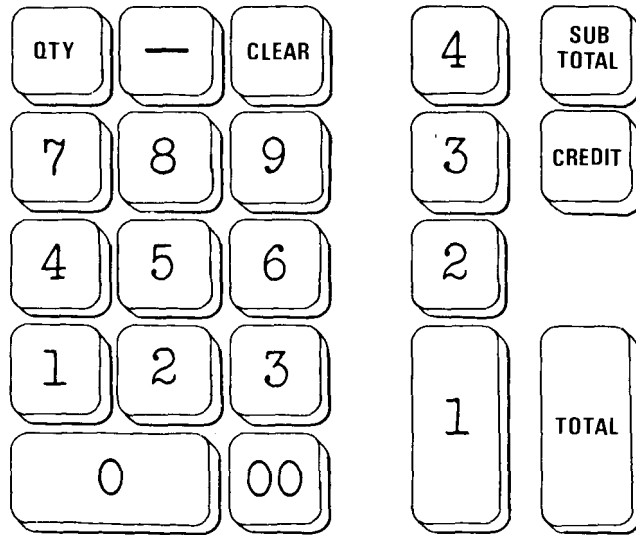
The ticket has the name of the shop (a), the total of the purchases (b), the date (c) and a ticket number (d) printed on it.




Now the customer has a receipt, and the shop has a record of the sale.



There are several other keys on Mary's cash register. Let's see how she uses them.





 When a customer buys more than one of the same article, for example 3 tins of milk, Mary could register the price T\$1.50 three times. But it is simpler to use the quantity key and register: 3-QTY-1-5-0.

Then she presses the department key and the following calculation is recorded automatically:

$$3 \times 1.50 = 4.50$$

On some registers the QTY-key is marked "X"

 The minus key is used when a customer has brought back empties and would like the deposit to be deducted. It works the same way as the department keys. That means, Mary first has to register the amount to be deducted. Then she presses the minus key instead of the department key.

 It is possible to use both the quantity key and the minus key for the same recording. Write, in order, the keys you would use for registering a deduction for 6 returned empties of 75c each.



If she presses the wrong amount key, she will then press the correction key. It removes all the figures that are not yet recorded. The correction key is usually marked "CLEAR", "C" or "CORR". However, once the department key (or the minus key) has been pressed, the amount is printed in the sales journal and cannot be removed.



Mrs. Musa wanted to buy a lot, but by the time Mary had registered ten things, Mrs. Musa was worried. She wondered if she could afford to buy any more. "Wait a minute," she said. "I would like to know how much it is, so far." Then Mary used the sub-total key. On the display they could read that Mrs. Musa's purchases so far amounted to T\$18.65. "Ah, then I can afford a few more things," said Mrs. Musa. Mary went on registering. When she had registered every item she pressed the total key.



When sales are made on credit, Mary uses the credit key (or the credit-total key) instead of the total key. That way the credit sales are kept separate from the cash sales.

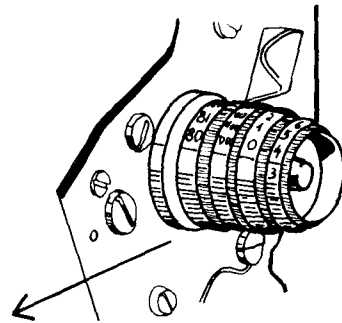
These are the keys found on the most common modern cash registers, but there may be others. The important thing is to make yourself familiar with the cash register in the shop you work in.



List all the special keys on the cash register in your shop.
Explain briefly how each of them is used.

The date of issue is printed on the ticket.
Mary sets the date every morning before she starts registering.
On old registers, this is usually done by turning some knobs.

DESILU CO-OP
Shop No 1
13,20-
9.50~
2.25-
7.05-
3.10-
35.10T
0035 4 DEC 80



Modern registers have often got a special date key. This is pressed while the actual date is registered on the amount keys. For example, Mary presses 0-1-0-2-8-1 to register the date 1st February 1981.



How do you set the date on your register?

CORRECTION OF ERRORS

By using Mary can correct an error and prevent it from being recorded in the journal. But if she first pressed a department key, the error is already recorded. It is too late to correct it in this way.

There are some registers that have a special void key. This can be used to cancel the last recording in the journal. The correction will be declared in the journal and in the sales report produced by the cash register.

Look at the example of this journal. The cashier recorded T\$35.00 instead of T\$3.50. She discovered the error and pressed the void key. The recording was then cancelled and was not included in the total. In

3 →
2 →
1 →

0008.55	T
0000.55	-
0002.00	-
0003.50	-
0035.00	-VD
0035.00	-
0002.50	-

the journal the cancelled amount appears with the letters VD beside it. (Note that the journal is usually printed upwards, the bottom figure being the first recorded one.)

Mary's cash register has no void key, but she can use the to deduct the error, if she has not finished the transaction and pressed the total key.

3 →
2 →
1 →

0008.55	T
0000.55	-
0002.00	-
0003.50	-
0035.00	-
0035.00	-
0002.50	-

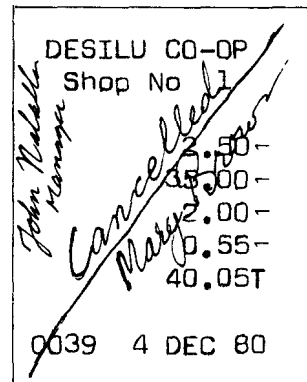


How can you correct a mistake on your cash register?

If an error is found when a transaction is already completed, Mary is instructed to cancel the ticket and issue a new, correct one.

She will also call for the manager and tell him about the error. She will ask him to sign the cancelled ticket, and will sign it herself.

Then Mary will keep the cancelled ticket in the till. It will be required for the sales report.



Both Mary and the manager have signed the cancelled ticket. With her signature, Mary certifies that she did not receive the money. With his signature, the manager certifies that this is true. This is important, because the sales journal will show that she has received T\$40.05. Mary must be able to prove that she hasn't.



How do you think cancelled tickets ought to be verified, if the manager is not present when the mistake is discovered?



How are cancelled tickets verified in your shop?
How do you think the process could be improved?

RESETTING AND READING

Mary starts registering sales in the morning. She ought to receive exactly the same amount of money from the customers, as she registers on the key-board. The cash register will produce a sales report at the end of the day. This will show how much the sales for the day amount to. Mary has to account for that amount of money.

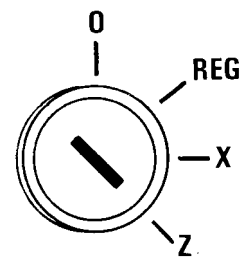
Let's see how we get the sales report from the cash register.

The Z-key

John, the manager, has got a special reset key, which is marked with a "Z".



After closing time he uses this key to switch the lock of the cash register into the Z-position. He presses the total key and gets a ticket, which shows:



The total sales per department and the total of those amounts

Total amount deducted →
Total cash sales →
Total credit sales →
Number of customers →
Number of the reset →

Ticket number and date →

DESILU CO-OP	
Shop No 1	
2,742.75	- Z
201.50	~ Z
355.15	^ Z
0.00	^ Z
3,299.40	ST
44.90	-Z
3,254.50	CAZ
0.00	CRZ
0182#	CU
0008#	RE
0208	4 DEC 80

The cash register is able to produce this sales-report-ticket because it has a memory in which are stored and totalled the various transactions registered during the day. When the Z-key is used, the memory is "emptied" and the cash register is reset to begin adding from zero again. (Note that the last two lines on the ticket will not be reset to zero. These are the number of the reset and the ticket number.)

In this example, the cash register shows that the sales for the day amount to T\$3,254.50. Mary has to deliver this amount to the manager.

If something had already been registered when Mary started work, then that amount would be included in the recorded sales. If Mary was not given the money for these "old" sales, the amount would turn out as a shortage in her cash.

Therefore, before a cashier starts recording in the morning, she should convince herself that the cash register, is reset to zero. This resetting is usually done in the evening and so the reset-recording should be the last recording in the sales journal. It is always marked with a "Z".

Sales journal

→

0.00CRZ
3,254.50CAZ

Normally, resetting should be done once a day only: after the shop has been closed for the day. If there were a resetting during the day, the sales up to that one would not be included in the total of the resetting at the end of the day. To protect the shop against unauthorised re-settings, every one is automatically counted and given a consecutive reset-number (RE).

→

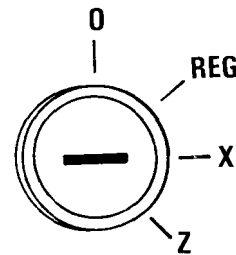
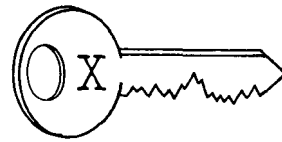
19.40 ST
44.90 -Z
3,254.50CAZ
0.00CRZ
0182# CU
0008# RE
0208 4 DEC 80

It is the duty of the manager and the auditors to check that no reset-number is missing.

The X-key

Sometimes the manager may want a sales report from the cash register during the day. if he does not want to empty its memory and reset it to zero, he will use his reading key which is marked with an "X".

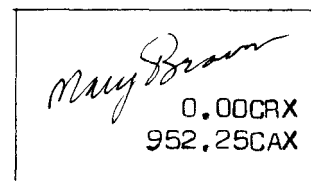
He will receive the same kind of report, the ticket will look the same except for the "Z" which is replaced by an "X". After the "reading" the cash register will continue to add the new sales to the previous ones in its memory.



When there is a change of cashiers during the day, the X-key will be used. The first cashier will have to account for her recordings up to the X-reading. The second one will account for the remaining recordings during the day. That will be the total sales (Z) less the sales of the first cashier (X).

<i>Total Sales</i>	<i>3,254.50</i>	<i>(Z)</i>
<i>First cashier</i>	<i>- 952.25</i>	<i>(X)</i>
<i>Second cashier</i>	<i>2,302.25</i>	

If there is more than one cashier, then it is a good idea to let them sign the sales journal when the reading is done, and before they begin registering their own sales.



Conclusion

EVERY DAY, BEFORE STARTING TO REGISTER SALES, A CASHIER SHOULD MAKE SURE THAT THE CASH REGISTER IS RESET (Z) OR READ (X).

This is very important. It would be difficult to show that a cash shortage was due to recordings made by someone else before you started registering.

If there is any doubt, the cashier may demand a reading with the X-key. This will show the total sales since the last resetting.

→

0.00CRX
0.00CAX

Different types of cash registers

Of course all cash registers are not exactly the same. On some types you may have to press other keys for a reading or a resetting. For example; old cash registers do not usually produce a complete sales-report-ticket unless all the department keys, the minus keys, the credit-total key and the cash-total key are pressed. The total number of customers and the number of the reset are not always written on the ticket, they may be displayed on the cash register.



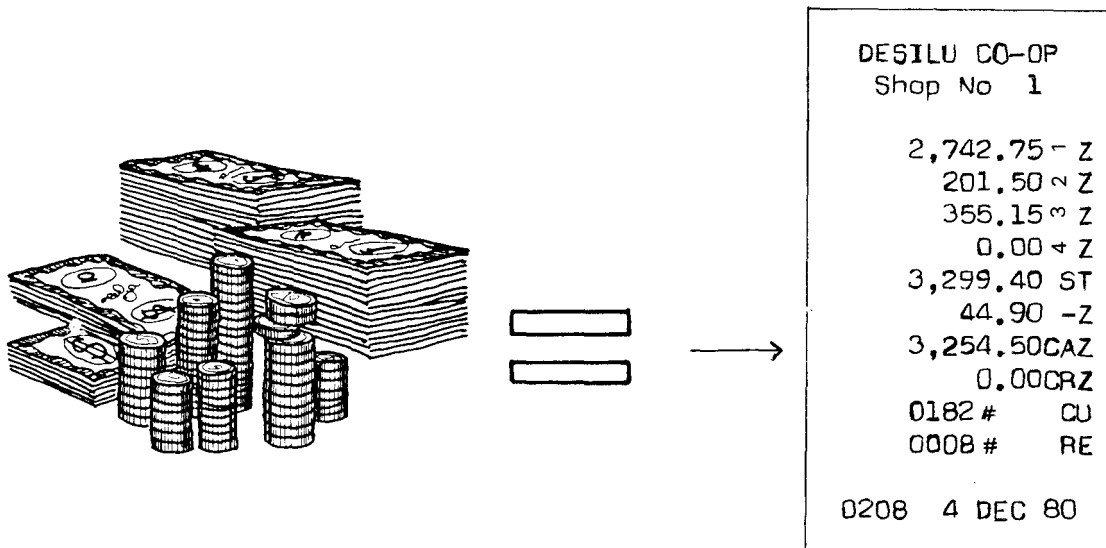
How is reading done on your cash register?

How is resetting done on your cash register?

Where is the reset-number shown?

ACCOUNTING FOR THE SALES

The cashiers in Desilu Co-operative have now been told to register every sale. The cash register will produce a summary of the sales journal whenever required. This can then be checked to confirm that the cash agrees with the recorded amount.



The committee decided that this control should be carried out by the manager every day, when the cashier accounted for the sales.

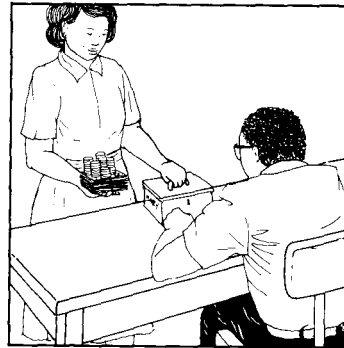


Why is it better to check that the cash agrees with the recorded amount once a day? Why not once a week, or once a month?

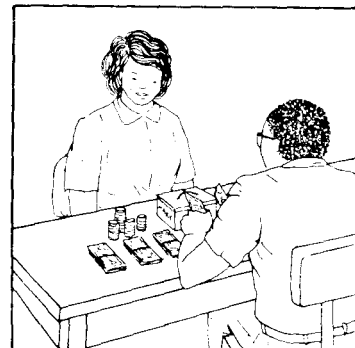
This was the daily accounting and controlling procedure in the Desilu Co-operative:



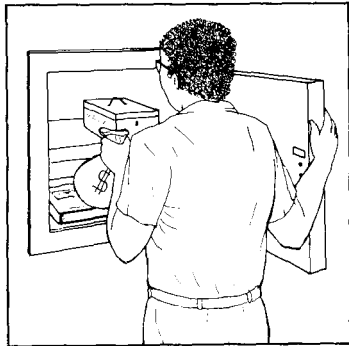
① The cashier counts the cash.



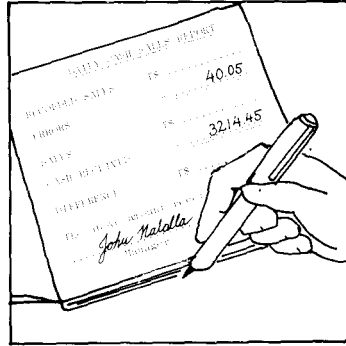
② She hands it over to the manager.



③ He checks the addition.



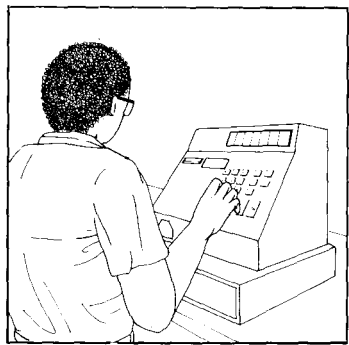
④ He puts the cash in a safe.



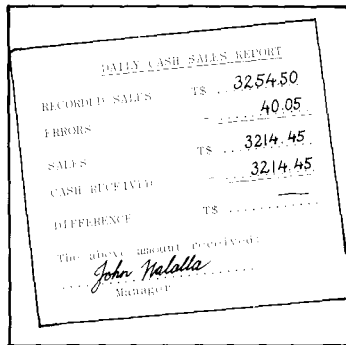
⑤ The manager issues a receipt.



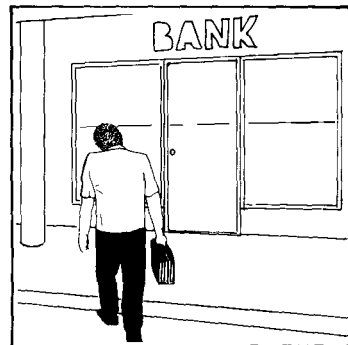
⑥ The receipt is given to the cashier.



⑦ The manager resets the cash register and notes the total recorded amount.



⑧ He compares it with the amount he received from the cashier.



⑨ He will bank the money the following day.

Now you have seen how they account for the sales and control the cash in Desilu Co-operative. Let's take a look at some details now.

The "cash bank"

Mary has got her "cash bank" of T\$300 for giving change. This money will be kept in the till together with the other money which she has received during the day. When Mary counts the cash for the day, she starts with her "cash bank".



Mary has a small cash box in which she keeps the change when it is not in use. She puts T\$300 in it, locks the box and hands it to the manager. He will deposit the box in the safe until tomorrow.



Do you think Mary should take 3 T\$100 notes for the cash bank? Would it be wiser to take notes and coins of various smaller denominations? Explain your answers!

The T\$300 is given to Mary as a permanent loan. That means, she will use it for giving change as long as she is working as a cashier. The manager is requested to make sure that the money does not disappear. At least once a week he will ask Mary to open the cash box so that he may check the amount.

Handing over the money

When Mary has taken the cash bank out, she knows that the amount left in the till is what she has received as payment for goods during the day. She will count this and hand it over to the manager. As she counts, she makes a list showing how many of each kind of note or coin she has, as well as detailing cheques, and any error tickets.

<u>Cash - 4 Dec. 1980</u>		
9 @	T\$ 100	T\$ 900.00
54 @	20	1,080.00
95 @	10	950.00
32 @	5	160.00
36 @	1	36.00
17 @	0.25	4.25
32 @	0.10	3.20
20 @	0.05	1.00
cheque No. 25432		25.00
" No. 43210		55.00
<u>Total Cash</u>		<u>T\$3,214.45</u>
Error Ticket		40.05

Mary will give John, the manager, the list along with the money, the 2 cheques and the error ticket. The list will be helpful when he checks the amount handed over.

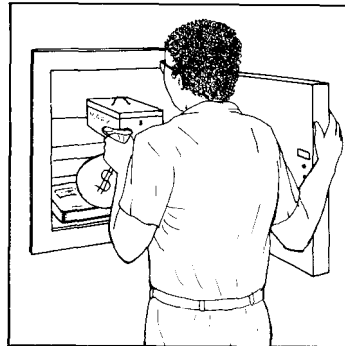
It will be useful when he fills in the pay-in slip for the bank.

(Sometimes the cashier may fill in the bank pay-in slip instead of making out the list.)



The money in the safe

John will count the money and the cheques and put everything into a bank bag. The bank bag will be locked in the safe. Only John has the key to the safe. The spare key is kept by the chairman, in a sealed envelope.



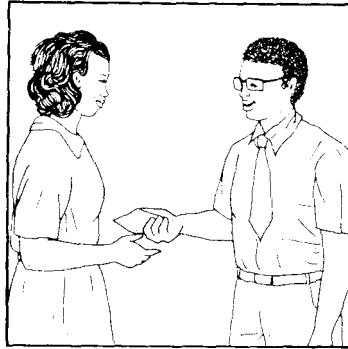
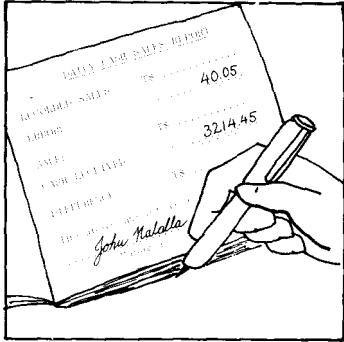
! Why is it advisable to allow only one person to use the key of the safe?

The cashier's receipt

Then John starts filling in the Daily Cash Sales Report.

Desilu Co-op Soc. Ltd.	Date <u>4/12/80</u>
<u>DAILY CASH SALES REPORT</u>	
RECORDED SALES	T\$
ERRORS	- <u>40.05</u>
SALES	T\$
CASH RECEIVED	- <u>3214.45</u>
DIFFERENCE	T\$
The above amount received:	
..... <u>John Malalla</u>	
Manager	

John will be able to fill in the amount of the ERROR ticket at once. This amount should be deducted from the recorded amount. The ticket will then be attached to the report. He will also fill in the amount of CASH RECEIVED, as you can see on the previous page. He will give a copy of the report to Mary as a receipt for the cash.

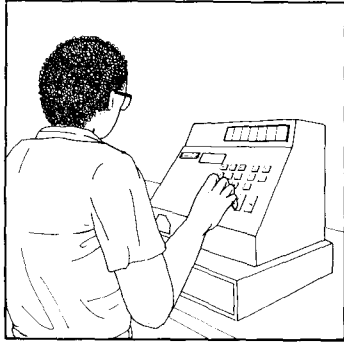


Completing the Daily Cash Sales Report

Now John will go to reset the cash register. He will attach the sales report ticket to the daily cash sales report, which he will now be able to complete.

Desilu Co-op Soc. Ltd.		Date <u>4/12..80.</u>
<u>DAILY CASH SALES REPORT</u>		
RECORDED SALES	T\$.. <u>3254.50</u>	<div style="border: 1px solid black; padding: 5px;"> <p>DESILU CO-OP Shop No 1</p> <p>2,742.75 - Z 201.50 ~ Z 355.15 ∞ Z 0.00 + Z 3,299.40 ST 44.90 - Z 3,254.50 CAZ 0.00 CRZ 0182 # CU 0008 # RE</p> <p>0208 4 DEC 80</p> </div>
ERRORS	- .. <u>40.05</u>	
SALES	T\$... <u>3214.45</u>	
CASH RECEIVED	- ... <u>3214.45</u>	
DIFFERENCE	T\$	
The above amount received:		
..... <i>John Malalla</i>		
Manager		

The recorded sales minus the error will be compared with the cash received. There is no difference.



DAILY CASH SALES REPORT	
RECORDED SALES	TS .. 3254.50
ERRORS	- 40.05
SALES	TS ... 3214.45
CASH RECEIVED	- 3214.45
DIFFERENCE	TS
The above amount received:	
<i>John Malalla</i>	
Manager	

! One day Mary handed over T\$2,457.10 in cash and an error ticket of T\$13.65. The reset ticket showed that total sales of T\$2,490.75 had been registered during the day.

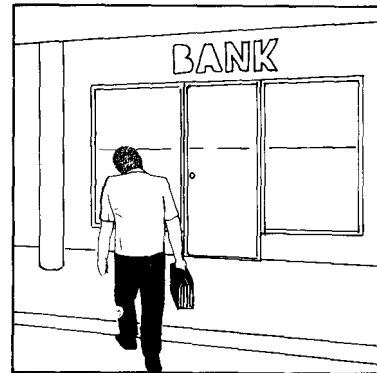
- a) What was the difference?

- b) Was there a cash shortage or a cash over?

! List below the information you find on the sales report (reset ticket) shown on page 25.

Banking

The following day John took the cash to the bank. The whole amount collected, T\$3,214.45, was deposited into the co-operative society's bank account.



You should note that John was not supposed to use the money collected in the shop for any cash payments. He had to bank the whole amount. He has been given some cash ("petty cash") for minor expenses, while all of the society's other expenditures are paid by cheque.

This arrangement makes it easy to keep strict control of the cash flow in the shop. Mary can prove through the sales reports that all money received during a day has been handed over to the manager. John gets a receipt (the pay-in slip from the bank) which shows that the same amount has been banked.

Here is a summary of the rules to be followed, to achieve efficient cash control:

- 1 Every amount received in the shop should be recorded.
- 2 Check every day that the recorded amount agrees with the cash collected.
- 3 The cash should be handled by one person at a time only.
- 4 Cash should only be handed over against receipt.
- 5 The cash should be kept locked, and only the one responsible for it should have the key.
- 6 The whole amount collected during a day should be banked.



Explain briefly how each one of the rules mentioned on page 28 is followed in your Co-operative, and what you can do to improve the procedures.

1

2

3

4

5

6

CASH SHORTAGES AND OVERS

If cash is handled carefully and the rules for good cash control followed, there should not be many errors like cash shortages or cash overs. But do not expect them never to occur. Anybody can make mistakes.

One day the Desilu Co-operative Cash Sales Report showed a cash shortage of T\$27.50. What should be done?

! Before you continue reading, let us know how you deal with cash shortages in your Co-operative. What action is taken when a cash shortage is discovered?

Now we shall see what they did in Desilu. This is the report which showed that T\$27.50 was missing:

Desilu Co-op Soc. Ltd.		Date <u>15/12..80</u>
<u>DAILY CASH SALES REPORT</u>		
RECORDED SALES	T\$... <u>4337.05</u> ..	DESILU CO-OP Shop No 1 3,951.25 - Z 301.10 ~ Z 122.80 ~ Z 0.00 + Z 4,375.15 ST 38.10 -Z 4,337.05CAZ 0.00CRZ 0210 # CJ 0023 # RE 3271 15 DEC 80
ERRORS	-	
SALES	T\$... <u>4337.05</u>	
CASH RECEIVED	- ... <u>4309.55</u>	
DIFFERENCE	T\$ <u>27.50</u>	
The above amount received:		
..... <i>John Kalalla</i>		
Manager		

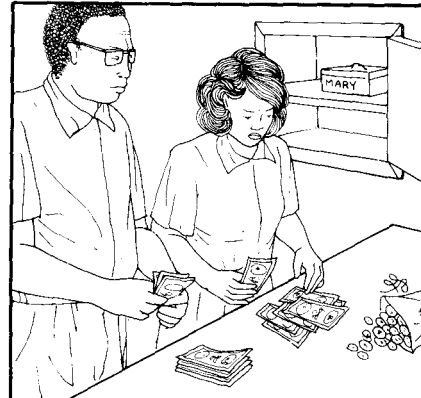
Reporting mistakes

John and Mary looked for the reason for the difference. They wanted to find out first if they had simply made a "reporting mistake".

- ① They checked the figures in the report, to see if they had been copied correctly from the reset ticket which was stapled to the report. They also checked **the calculation on the report**, of course.

. Ltd.	Date 15/12. 80
SH SALES REPORT	
T\$... 4337.05	DESILU CO-OP Shop No 1
-	3,951.25 - Z
T\$... 4337.05	301.10 - Z
-	122.60 - Z
T\$... 4309.55	6.00 - Z
-	4,375.15 ST
T\$ 27.50	38.10 - Z
received:	4,337.05GAZ
<i>la</i>	(, DEC 80
	0210 # Q1
	1023 # RE
	3271 15 DEC 80

- ② What about the cash received? John opened the safe and took out the bag with the money. He and Mary counted it again. It was T\$4,309.55. This was the figure in the report.



- ③ Perhaps Mary had made a mistake when she put aside the T\$300 she used for change. John took **out her** cash box and Mary opened it so that they could check her "cash bank". It was right. That meant nothing was wrong so far. John locked Mary's cash box in the safe affair.



- ④ "There are no error tickets in the report," said John. "Didn't I certify one this morning - or was it yesterday?" Mary suddenly remembered. One customer had been quite upset when he heard tha tntnl nmunt hP had to nav_

<i>John Palala Manager</i>	DESILU CO-OP /
	Shop No 1
	4.45
	8.70
	8.05
	3.50
	1.25
	6.00
	2.25
	27.50T
3120 15 DEC 80	

He had said he did not want all the goods and so some were taken back and a new ticket issued. What had happened to the error ticket? John remembered that he had signed it. Mary should have put it in the till. Now it was missing.

"I was a bit upset, so maybe I misplaced the ticket," said Mary.

They looked all over for the missing ticket and found it in the waste-paper basket. The ticket was for T\$27.50. When that amount was deducted from the recorded sales in the report, the total was the same as the cash received. There was no longer a shortage. The problem was solved.



Make a check-list of what Mary and John did to find out if the difference was the result of a reporting mistake.

- 1 _____
- 2 _____
- 3 _____
- 4 _____

Recording mistakes

Cash differences can be the result of other kinds of mistakes. One group of these might be called "recording mistakes".

Not all recording mistakes cause cash differences. If a cashier registers a wrong price and charges it, the money received will agree with the recorded amount. This kind of mistake, therefore, will not show in the cash sales report, but it will affect the leakage. (You may learn more about this in the MATCOM Element "Leakage".)

If, however, the cashier registers one amount and charges another, there will be a cash difference. You may wonder how a cashier could possibly charge something different from the amount shown on the cash register display and the ticket. But things like this sometimes do happen.

For example, a customer buys a kilo of sugar, and nothing else. The cashier receives T\$3.75. The price of sugar is well known both to the customer and the cashier. However, by mistake the cashier registers T\$375! Nobody looks at the display or the cash ticket since it is a very simple and common transaction. The mistake is not discovered.



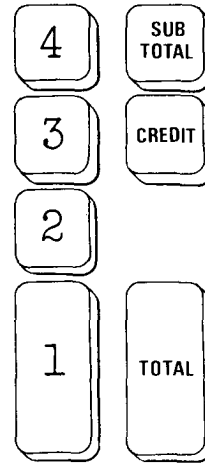
! Calculate the cash shortage caused by the recording mistake above.

Such recording errors usually cause rather high cash shortages, although no money is actually missing! Of course, the mistakes must still be found.

- 1 First, you should check the sales journal from the cash register. If you find entries like T\$375, you know that you have probably discovered the error. (Especially if you know that no items that expensive are for sale in the shop!)

4.25 -
6.00 -
1.20 -
35.00 -
2.80 -
3.45 -
375.00 -
6.40 -
0.80 -
12.50 -
6.25 -

② Another recording mistake, which would result in a difference in the cash sales report can occur if the cashier touches the credit key instead of the total key. Such errors will be discovered if you compare the cash sales report with the credit sales report. There will be a shortage in the cash sales report and an over of the same amount in the credit sales report.



?

Add some points to your check-list. What should you do to find out differences resulting from recording mistakes?

1 _____

2 _____

Resetting mistakes

"Resetting mistakes" occur if the cash register was not reset (Z) or read (X) before the first sale the cashier recorded, and after the last sale recorded.

If there are more sales recorded between the resets, than a cashier has received payments for, there will be a cash shortage.

If there are fewer sales recorded between the resets, than a cashier has received payments for, there will be a cash over.

Resetting mistakes can be identified by studying the sales journal and the reset numbers:

- ① A big cash shortage can occur if the register was not reset (with the Z-key) but only read (with the X=key) when the cashier began work. Check if the previous reset is marked "X" instead of "Z". (In this case, the cash shortage next day will be T\$4,123.45.)

Sales journal

0.00CRX 4,123.45CAX

- ② A cash over can occur when the register has been reset (Z) by mistake during the day. Check to see if any reset number is missing. If so, find the corresponding missing total in the sales journal. (Here No. 26 is missing - cash over T\$320.40.)

Reset tickets

0025 RE 3901 18 DEC 80

0027 RE 4127 19 DEC 80

Sales journal

1.50 T 0.00CRZ 320.40CAZ 32.85 T

- ③ A cash over can occur if some sales have been recorded after the final reset (Z). Check to see if anything has been registered in the journal after the last reset. (T\$7.50 and T\$13.25 registered after the reset - cash over T\$20.75.)

Sales journal

13.25 T 7.50 T 0.00CRZ 3,751.25CAZ



Complete your check-list with what you should do to find out differences resulting from resetting mistakes.

1 _____

2 _____

3 _____

If you have a cash difference in your daily sales report, you are recommended to do the checking describes so far. If the difference is the result of a reporting, recording or resetting mistake, the report can be corrected accordingly - provided the mistake can be rectified by reference to the sales journal, for example.

The fact common to all these differences is that no money is actually missing (or over). It seemed so because the figures in the report were not correct. Once the reason for the error was found, it could be corrected.

If you cannot find a mistake of this type, then it is likely that you have got a real cash difference - there is too much or too little money!

Cash shortages

The reason for a cash shortage might be either:

① Customers have paid too little money or received too much change

Or

② Somebody has stolen money.

If cashiers are not trained to handle cash properly, they can easily make mistakes when receiving payments and giving back change. Frequent shortages and overs show that a cashier does not know how to handle cash correctly and carefully. Maybe instruction is needed.

(The MATCOM Element "Handling of Cash" can be used.)

The second reason is a very unpleasant one. Is there a thief among the customers or the staff? Has the cash been left unattended and unlocked? Who has been handling the money? When there are big cash shortages, investigations must be made.



Do you think the rules for good cash control (page 28) could help to prevent thefts? Explain how.

Cash overs

While most cashiers are very worried about cash shortages, some are pleased to find too much money in the till.

"Today there is an over of T\$45 - isn't that good!" said Mary, looking at the sales report.



"It is not good at all," John replied, "if there's too much money in the till compared to the registered amount, this means:

- ① Customers have paid too much or got too little change or
- ② you haven't registered all the sales."

The first reason is serious, that means the customers are being cheated. Money must be handled carefully so that this does not happen.

The other reason causes real problems. If we do not register all the sales, we do not actually know what the total sales are. Then we do not know anything about the cash situation either, and there could just as well be a shortage instead of an over.



Why should it be considered a serious fault if a cashier is receiving payment without registering the amount?

Who pays the shortages and who gets the overs?

The committee usually decides this and so they need to know about cash differences, and why they have occurred.

Sometimes the person responsible for the cash when the money was lost may be required to refund the missing amount particularly if the rules for cash handling and control have not been followed.

As a cashier handles a lot of money, it is fair to excuse her for a very occasional shortage, and normally the society will stand the loss.

If, there is money over, and it is not possible to find out whom it belongs to, then it should be considered the society's money.



Why would it be wrong to allow a cashier to keep the overs?

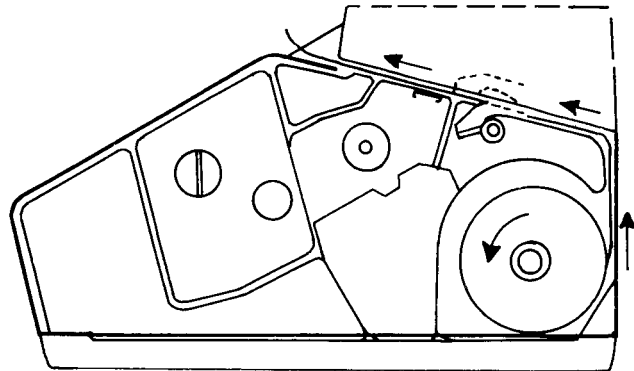
MAINTENANCE OF THE CASH REGISTER

Many co-operative societies have had problems with cash control which they have solved by using a cash register, like the Desilu Co-operative did.

Remember that it is not enough to have a cash register, the manager and the staff must know all about how it works and how to make use of the information it provides. We hope that this MATCOM Element has given you the basic knowledge in this respect.

Finally, the maintenance of the cash register is very important. If paper rolls for tickets or the sales journal are finished, it will become almost useless, since it will neither produce receipts for the customers, nor any records for the society. If there is no ink for printing the recordings the same thing is true.

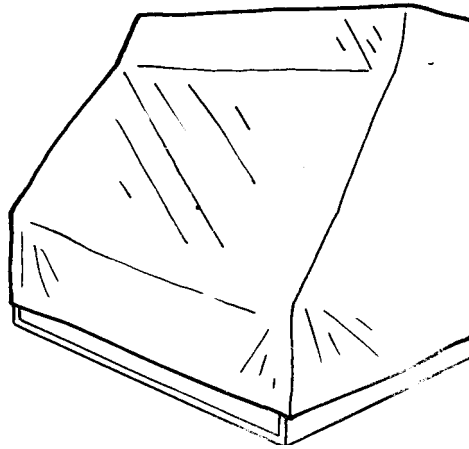
Anybody operating a cash register should know how to replace the paper rolls. Usually, the end of a roll is marked with red stripes, so that the cashier knows that it is time to put in a new one.



Make sure there is a regular supply of rolls for your cash register and that you always keep a stock of spares.

A faint printing tells you that the ink of the cash register is about to run out. Make sure you know how to refill it. Some cash registers have ribbons, and others have ink in special containers.

When not in use, the cash register should be covered to protect it against dust and moisture.



At least once a year the cash register should be cleaned by a technician. This helps prevent breakdowns , which can cause big problems, specially if there is only one register in the shop.

Remember that. you must be prepared to do without the cash register if, for example, the supply of electrical power fails. Old types of cash registers can often be operated with a handle if there is no electricity, but. new ones do not work at all without power.

To cope with this kind of situation, you should keep some receipt books. The receipts should be numbered and issued in duplicate. This way they can be checked and accounted for-



What are the cashiers in your shop instructed to do if the cash register is out of order?

CHECK-OUT

To prove to yourself that you have fully understood this Element, you should now go through the following questions. Mark what you think is the right answer to each question. If you have problems with a particular question, go back and read the corresponding chapter again. Your teacher will later check your answers.



- 1 What information should the cash register give?
 - a How much money there actually is in the till.
 - b How much money the cashier has to account for.
 - c How many items have been sold.

- 2 Which key is used by the cashier on duty?
 - a The reading key.
 - b The reset key.
 - c The registration key.

- 3 Why are department keys used?
 - a To register how much each cashier has sold.
 - b To register how much has been sold of various kinds of goods.
 - c To register how much has been sold on cash and on credit.

- 4 What should the cashier do if she has registered the goods and the customer fails to pay?
 - a Tear up the ticket.
 - b Cancel the ticket and give it to the customer.
 - c Cancel the ticket and ask the manager to verify that no money was received.

- 5 What happens when you reset the register with the Z-key?
 - a You change the date printer.
 - b You get a sales report from the register and reset it to zero.
 - c You lock the register and block it from being used.

- 6 When is the cash register read with the X-key?
- a When you want a sales report without resetting the register to zero.
 - b When you want to open the cash register so that the sales journal may be read.
 - c When you want to recall the total of the last customer's purchases.
- 7 What is the purpose of the reset number?
- a To show the total amount sold during a day.
 - b To check that there has been no unauthorised resetting.
 - c To identify the cashier on duty.
- 8 How often should a sales report be prepared?
- a Daily.
 - b Weekly.
 - c Monthly.
- 9 During the day, who is responsible for the cash?
- a All the staff, jointly.
 - b The cashiers on duty, individually.
 - c The manager.
- 10 What should you do with the money received in the shop, to have the best security and control?
- a The whole amount should be banked.
 - b Keep it in the safe and use it for payments.
 - c Use some for payments, bank the rest.

What is the first thing to do if there is a cash shortage?

- a Recover the missing money from the cashier.
- b Check if the figures in the sales report are correct.
- c Look for errors in the sales journal.

What should a cashier do if the cash register is out of order?

- a Record the received money later,
- b Receive money against handwritten receipts.
- c Close the shop until the cash register has been repaired.

COMPLEMENTARY EXERCISES

To complete your studies of this topic you should take part in some of the following exercises which will be organised by your teacher.



Practical Group Assignments in a Shop

1 The Cash Register

Examine the cash register in the shop you are working in. Study its manual of operation. Practise all kinds of registrations until you can do them easily. Change ticket rolls and sales journal rolls. Find out how to refill ink.

Note: Practising should take place when the shop is closed. Before and after the exercise, the cash register should be reset by an authorised person.

2 The Cash Control Rules

Study how the cash control rules (page 28) are followed in a shop.

Give a critical report and suggest any changes you find necessary.

3 Cash Differences

Go through the Daily Cash Sales Reports for the last three months. Note all differences, try to find out the reasons. Give your opinions on how the differences could have been avoided.

Group Discussions

4 The Cashier

Discuss how cash control benefits the cashier.

5 The Members

Discuss what information the members will need about the registration of sales and cash control.