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Bank Accounts and Cash Funds

STUDY GUIDE QUESTIONS

PART 1 True/False

For each of the following statements, circle T if the statement is true and F if the statement is false.

- T F 1. Cash receipts, deposits, and bank reconciliation should always be handled by the same person.
- T F 2. Each petty cash payment is entered separately in the general journal.
- T F 3. If the final balance of Cash Short and Over is a debit balance, it is treated as a deduction from Sales.
- T F 4. A qualified endorsement prevents any further transferring of a check by signing over the check from one person to another.
- T F 5. On a bank reconciliation, outstanding checks are deducted from the bank statement balance.
- T F 6. Payments made from the petty cash fund are journalized when the petty cash fund is reimbursed.
- T F 7. A credit memo increases the depositor's bank balance.
- T F 8. The entry to reimburse the Petty Cash Fund involves a debit to Petty Cash Fund and a credit to Cash.
- T F 9. The entry for an NSF check involves a debit to Accounts Payable and a credit to Cash.
- T F 10. A credit balance in the Cash Short and Over account is listed on the income statement under Miscellaneous Expense.

PART 2 Completion—Language of Business

Complete each of the following statements by writing the appropriate words in the spaces provided.

- 1. The party to whom a check is made out is called the _____.
- 2. The amount that the bank charges a depositor for handling checks and collections is called a(n) _____.
- 3. The method used to transfer title of a check is known as a(n) _____.
- 4. Varieties of coins and currency are called _____.
- 5. Checks issued by the depositor that have been paid by the bank and included with the bank statement are called _____.
- 6. An endorsement that prevents further circulation of a check is called a(n) _____.

7. The party who writes the check is called the _____.
8. On a bank reconciliation, the balance of the Cash account in the general ledger is called the _____.
9. A deposit not recorded on the bank statement because the deposit was made between the bank's cut-off date and the time the statement is received is called a(n) _____.
10. The _____ is a cash fund used to handle transactions where customers pay cash for goods and services.
11. An endorsement of a check that contains the words "without recourse" is called a(n) _____.
12. The procedure used to determine why there is a difference between the balance of Cash in the company's general ledger and in the company's bank records is called a(n) _____.
13. _____ are checks that have been written by the depositor and deducted on the depositor's records but have not yet reached the bank for payment.
14. In a(n) _____, the holder (payee) of a check simply signs her or his name on the back of the check.

PART 3 Reimbursing the Petty Cash Fund

Quality Bakery has the petty cash payments record shown on the next page. The amount of the debit balance of the Petty Cash Fund account is \$_____. Record the entry in general journal form to reimburse the Petty Cash Fund.

GENERAL JOURNAL

PAGE _____

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14

PETTY CASH PAYMENTS RECORD

	DATE		VOU. NO.	EXPLANATION	PAYMENTS	DISTRIBUTION OF PAYMENTS					
						REPAIR EXPENSE	DELIVERY EXPENSE	MISC. EXPENSE	OTHER ACCOUNTS		
									ACCOUNT		AMOUNT
1	20—									1	
2	June	1	3	H. Ball	7.00				H. Ball		2
3									Drawing	7.00	3
4		7	1	Marking pens	5.16			5.16			4
5		9	2	Ben's Delivery	4.20		4.20				5
6		12	3	Lightbulbs	6.32			6.32			6
7		17	4	Postage stamps	5.00			5.00			7
8		21	6	Repair fuses	7.10	7.10					8
9		29	5	H. Ball	4.50				H. Ball		9
10									Drawing	4.50	10
11				Totals	39.28	7.10	4.20	16.48		11.50	11
12											12
13											13
14				Balance in Fund	\$20.72						14
15				Reimbursed Ck.							15
16				No. 711	<u>39.28</u>						16
17				Total	<u>\$60.00</u>						17
18											18

