

Name: \_\_\_\_\_ Date: \_\_\_\_\_ B

Discussion Section: \_\_\_\_\_ Row: \_\_\_\_\_ Seat: \_\_\_\_\_

PRINCIPLES OF FINANCIAL ACCOUNTING I  
Fall 2014

Chapter 8 – Internal Controls and Cash

"As a student of ORU I hereby pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me."

Indicate whether the following are true or false by indicating "+" for TRUE and "0" for FALSE in the blank preceding each statement.

- \_\_\_\_\_ 1. The journal entry to replenish a petty cash fund would be recorded by debiting Petty Cash.
- \_\_\_\_\_ 2. When a disbursement is made from the petty cash fund, the general ledger account Petty Cash is credited.
- \_\_\_\_\_ 3. A petty cash fund should be replenished at the end of the accounting period.
- \_\_\_\_\_ 4. In preparing a bank reconciliation, the amount of deposits in transit is deducted from the balance per bank statement.
- \_\_\_\_\_ 5. In preparing a bank reconciliation, the amount of outstanding checks is added to the balance per bank statement.
- \_\_\_\_\_ 6. In preparing a bank reconciliation, the amount indicated by a debit memorandum for bank service charges is added to the balance per depositor's records.
- \_\_\_\_\_ 7. Any adjustment to the depositor's records because of an item on the bank statement requires a journal entry.
- \_\_\_\_\_ 8. The November bank statement shows a balance of \$28,000. The items appearing on the bank reconciliation are outstanding checks \$1,200, a deposit in transit of \$1,000, and bank service charges of \$20. The adjusted cash balance is \$27,775.
- \_\_\_\_\_ 9. If the balance in Cash Short and Over at the end of a period is a debit, it should be recorded as an expense on the income statement.
- \_\_\_\_\_ 10. After a bank reconciliation has been completed, journal entries should be made to record the items shown as additions or deductions to the balance per the bank statement.

**When you have finished, please put your completed quiz face down at the end of your row to your left.**

Name: \_\_\_\_\_ Date: \_\_\_\_\_ B

Discussion Section: \_\_\_\_\_ Row: \_\_\_\_\_ Seat: \_\_\_\_\_

PRINCIPLES OF FINANCIAL ACCOUNTING I  
Fall 2014

Chapter 8 – Internal Controls and Cash

"As a student of ORU I hereby pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me."

Indicate whether the following are true or false by indicating "+" for TRUE and "0" for FALSE in the blank preceding each statement.

- 0   1. The journal entry to replenish a petty cash fund would be recorded by debiting Petty Cash. *(False: debit the various accounts for which disbursements were made.)*
- 0   2. When a disbursement is made from the petty cash fund, the general ledger account Petty Cash is credited. *(False: no entry is made.)*
- +   3. A petty cash fund should be replenished at the end of the accounting period.
- 0   4. In preparing a bank reconciliation, the amount of deposits in transit is deducted from the balance per bank statement. *(False: deposits in transit are added.)*
- 0   5. In preparing a bank reconciliation, the amount of outstanding checks is added to the balance per bank statement. *(False: it would be deducted.)*
- 0   6. In preparing a bank reconciliation, the amount indicated by a debit memorandum for bank service charges is added to the balance per depositor's records. *(False: it would be deducted.)*
- +   7. Any adjustment to the depositor's records because of an item on the bank statement requires a journal entry.
- 0   8. The November bank statement shows a balance of \$28,000. The items appearing on the bank reconciliation are outstanding checks \$1,200, a deposit in transit of \$1,000, and bank service charges of \$20. The adjusted cash balance is \$27,775. *(False: the balance is \$27,800.)*
- +   9. If the balance in Cash Short and Over at the end of a period is a debit, it should be recorded as an expense on the income statement.
- 0   10. After a bank reconciliation has been completed, journal entries should be made to record the items shown as additions or deductions to the balance per the bank statement. *(False: entries are based on entries on depositor's records)*

**When you have finished, please put your completed quiz face down at the end of your row to your left.**