

Name: _____ Date: _____ A

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. A petty cash fund should be replenished at the end of the accounting period.
- _____ 2. When a disbursement is made from the petty cash fund, the general ledger account Petty Cash is credited.
- _____ 3. The journal entry to replenish a petty cash fund would be recorded by debiting Petty Cash.
- _____ 4. In preparing a bank reconciliation, the amount of outstanding checks is deducted from the balance per bank statement.
- _____ 5. In preparing a bank reconciliation, the amount of deposits in transit is added to the balance per bank statement.
- _____ 6. The bank often informs the depositor of bank service charges by including a credit memorandum with the monthly bank statement.
- _____ 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 \$26,000. The items appearing on the bank reconciliation are outstanding checks \$1,600, a deposit in transit of \$2,000, and bank service charges of \$20. The adjusted cash balance is \$26,380.
- _____ 9. If the balance in Cash Short and Over at the end of a period is a credit, it indicates that cash shortages have exceeded cash overages for the period.
- _____ 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.

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

- + 1. A petty cash fund should be replenished at the end of the accounting period.
- 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.*)
- 0 3. 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.*)
- + 4. In preparing a bank reconciliation, the amount of outstanding checks is deducted from the balance per bank statement..
- + 5. In preparing a bank reconciliation, the amount of deposits in transit is added to the balance per bank statement.
- 0 6. The bank often informs the depositor of bank service charges by including a **credit memorandum** with the monthly bank statement. (*False: it would be a debit memo.*)
- + 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 \$26,000. The items appearing on the bank reconciliation are outstanding checks \$1,600, a deposit in transit of \$2,000, and bank service charges of \$20. The adjusted cash balance is \$26,380. (*False: the balance is \$26,400.*)
- 0 9. If the balance in Cash Short and Over at the end of a period is a **credit**, it indicates that cash shortages have exceeded cash overages for the period.. (*False: overages exceeded shortages*)
- 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.