

1. Award: 50.00 points Problems? [Adjust credit](#) for all students.

2 CH6 Prob PETTY CASH

Nakashima Gallery had the following petty cash transactions in February of the current year. Nakashima uses the perpetual system to account for merchandise inventory.

- February 2 Wrote a \$360 check to establish a petty cash fund.
- February 5 Purchased paper for the copier for \$15.95 that is immediately used.
- February 9 Paid \$40.50 shipping charges (transportation-in) on merchandise purchased for resale, terms FOB shipping point. These costs are added to merchandise inventory.
- February 12 Paid \$8.05 postage to deliver a contract to a client.
- February 14 Reimbursed Adina Sharon, the manager, \$74 for mileage on her car.
- February 20 Purchased office paper for \$67.77 that is immediately used.
- February 23 Paid a courier \$22 to deliver merchandise sold to a customer, terms FOB destination.
- February 25 Paid \$11.50 shipping charges (transportation-in) on merchandise purchased for resale, terms FOB shipping point. These costs are added to merchandise inventory.
- February 27 Paid \$53 for postage expenses.
- February 28 The fund had \$22.42 remaining in the petty cashbox. Sorted the petty cash receipts by accounts affected and exchanged them for a check to reimburse the fund for expenditures.
- February 28 The petty cash fund amount is increased by \$130 to a total of \$490.

Required:



1. Prepare the journal entry to establish the petty cash fund.
2. Prepare a petty cash payments report for February with these categories: delivery expense, mileage expense, postage expense, merchandise inventory (for transportation-in), and office supplies expense.
3. Prepare the journal entries for required 2 to both (a) reimburse and (b) increase the fund amount.

Complete this question by entering your answers in the tabs below.

Required 1	Required 2	Required 3
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Prepare the journal entry to establish the petty cash fund.

No	Date	General Journal	Debit	Credit
1	February 02	Petty cash	360	
		Cash		360

< Required 1
Required 2 >

Required #1

SAMPLE problem WITH SOLUTION
P 1 OF 3

Explanation:

No further explanation details are available for this problem.

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Required 1 Required 2 Required 3

Prepare a petty cash payments report for February with these categories: delivery expense, mileage expense, postage expense, merchandise inventory (for transportation-in), and office supplies expense. (Round your answers to 2 decimal places.)

NAKASHIMA GALLERY			
Petty Cash Payments Report (for February)			
Delivery expense			
February 23	Delivery of customer's merchandise	\$	22.00
Mileage expense			
February 14	Reimbursement for mileage		74.00
Postage expense			
February 12	Express delivery of contract	\$ 8.05	
February 27	Purchased postage stamps	53.00	61.05
Merchandise inventory (transportation-in)			
February 9	Shipping charges on purchases	40.50	
February 25	Shipping charges on purchases	11.50	52.00
Office supplies expense			
February 5	Purchased paper for copier	15.95	
February 20	Purchased office paper	67.77	83.72
Total		\$	292.77

< Required 1
Required 3 >

Required # 2
 P 2 of 3

Explanation:

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Required 1

Required 2

Required 3

Prepare the journal entries for required 2 to both (a) reimburse and (b) increase the fund amount. (Round your answers to 2 decimal places.)

No	Date	General Journal	Debit	Credit
1	February 28	Delivery expense	22.00	
		Mileage expense	74.00	
		Postage expense	61.05	
		Merchandise inventory	52.00	
		Office supplies expense	83.72	
		Cash over and short	44.81	
		Cash		337.58
2	February 28	Petty cash	130.00	
		Cash		130.00

< Required 2

Required 3 >

Required #3
 P 3 of 3

Explanation:

No further explanation details are available for this problem.