

1. Award: 2.79 points

TB TF Qu. 06-03 (Static) Maintaining adequate records is a...

Maintaining adequate records is a principle of internal control.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-03 (Static)
Maintaining adequate
records is a...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

2. Award: 2.79 points

TB TF Qu. 06-07 (Static) Insuring assets and requiring all...

Insuring assets and requiring all accounting personnel to have CPA licenses are two principles of internal control.

- True
→ False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-07 (Static)
Insuring assets and
requiring all...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

3. Award: 2.79 points

TB TF Qu. 06-10 (Static) Technologically advanced accounting...

Technologically advanced accounting systems rarely need monitoring for errors because computers always process transactions correctly.

- True
→ False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-10 (Static)
Technologically advanced
accounting...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

4. Award: 2.79 points

TB TF Qu. 06-13 (Static) To collude means that two...

To collude means that two or more people agree in secret to commit fraud.

- True
 False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-13 (Static) To
collude means that two...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

5. Award: 2.79 points

TB TF Qu. 06-15 (Static) The Sarbanes-Oxley Act (SOX) requires...

The Sarbanes-Oxley Act (SOX) requires managers and auditors of companies whose stock is traded on an exchange to document and verify internal controls.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-15 (Static)
The Sarbanes-Oxley Act
(SOX) requires...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

6. Award: 2.79 points

TB TF Qu. 06-16 (Static) Harsh penalties exist for violators of...

Harsh penalties exist for violators of the Sarbanes-Oxley Act (SOX), including sentences up to 25 years in prison with fines.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-16 (Static)
Harsh penalties exist for
violators of...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

7. Award: 2.79 points

TB TF Qu. 06-20 (Static) Money orders, cashier's...

Money orders, cashier's checks, and certified checks are all examples of cash.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-20 (Static)
Money orders, cashier's...

Learning Objective: 06-C2 Define
cash and cash equivalents and
explain how to report them.

8. Award: 2.79 points

TB TF Qu. 06-25 (Static) A check involves...

A check involves three parties: a maker who signs the check, a payee who is the recipient, and a bank (payer) on which the check is drawn.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-25 (Static) A
check involves...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

9. Award: 2.79 points

TB TF Qu. 06-27 (Static) On a bank statement, deposits are...

On a bank statement, deposits are listed as credits because the bank increases its liability to the depositor when the deposit is made.

- True
 False

[References](#)

True / False

Difficulty: 2 Medium

TB TF Qu. 06-27 (Static)
On a bank statement,
deposits are...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

10. Award: 2.79 points

TB TF Qu. 06-29 (Static) The days' sales uncollected...

The days' sales uncollected ratio measures how quickly a company can convert its accounts receivable into cash.

- True
 False

[References](#)

True / False

Difficulty: 1 Easy

TB TF Qu. 06-29 (Static)
The days' sales
uncollected...

Learning Objective: 06-A1
Compute the days' sales
uncollected ratio and use it to
assess liquidity.

11. Award: 2.79 points

TB TF Qu. 06-30 (Static) When evaluating the...

When evaluating the days' sales uncollected ratio, generally the higher the receivables balance, the better the ratio.

- True
→ False

[References](#)

True / False

Difficulty: 2 Medium

TB TF Qu. 06-30 (Static)
When evaluating the...

Learning Objective: 06-A1
Compute the days' sales
uncollected ratio and use it to
assess liquidity.

12. Award: 2.79 points

TB TF Qu. 06-32 (Static) A voucher system is a set of procedures...

A voucher system is a set of procedures and approvals designed to control cash payments and the acceptance of liabilities.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-32 (Static) A voucher system is a set of procedures...

Learning Objective: 06-P1 Apply internal control to cash receipts and payments.

13. Award: 2.79 points

TB TF Qu. 06-33 (Static) After the petty cash fund is...

After the petty cash fund is established, the Petty Cash account is not debited or credited again unless the amount of the fund is changed.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-33 (Static) After the petty cash fund is...

Learning Objective: 06-P2 Explain and record petty cash fund transactions.

14. Award: 2.79 points

TB TF Qu. 06-34 (Static) If the Cash Over and Short account...

If the Cash Over and Short account has a credit balance at the end of the period, the amount is reported as miscellaneous revenue.

- True
 False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-34 (Static) If the Cash Over and Short account...

Learning Objective: 06-P1 Apply internal control to cash receipts and payments.

15. Award: 2.79 points

TB TF Qu. 06-37 (Static) A voucher system establishes procedures...

A voucher system establishes procedures for verifying, approving, and recording liabilities for cash payment.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-37 (Static) A voucher system establishes procedures...

Learning Objective: 06-P1 Apply internal control to cash receipts and payments.

16. Award: 2.79 points

TB TF Qu. 06-44 (Static) Petty cash reimbursement requires...

Petty cash reimbursement requires a journal entry that involves a debit to the appropriate expenses and a credit to Cash.

- True
 False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-44 (Static) Petty cash reimbursement requires...

Learning Objective: 06-P2 Explain and record petty cash fund transactions.

17. Award: 2.79 points

TB TF Qu. 06-45 (Static) The petty cash fund is reimbursed...

The petty cash fund is reimbursed when it is nearing zero and at the end of the accounting period.

- True
 False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-45 (Static) The petty cash fund is reimbursed...

Learning Objective: 06-P2 Explain and record petty cash fund transactions.

18. Award: 2.79 points

TB TF Qu. 06-51 (Static) After preparing a bank reconciliation,...

After preparing a bank reconciliation, journal entries must be made so that the book balance equals the adjusted balance. Only items impacting the *book balance* need journal entries.

- True
 False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-51 (Static)
After preparing a bank
reconciliation,...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

19. Award: 2.79 points

TB TF Qu. 06-54 (Static) A department manager informs the purchasing department...

A department manager informs the purchasing department of its needs by preparing and signing a purchase requisition, which lists the merchandise requested to be purchased.

- True
 False

References

True / False

Difficulty: 2 Medium

TB TF Qu. 06-54 (Static) A
department manager
informs the purchasing
department...

Learning Objective: 06-P4
Appendix 6A-Describe the use of
documentation and verification to
control cash payments.

20. Award: 2.79 points

TB TF Qu. 06-58 (Static) When a voucher system is used, an invoice...

When a voucher system is used, an invoice approval is not needed as long as the purchase is evidenced by an invoice and purchase order.

- True
→ False

References

True / False

Difficulty: 1 Easy

TB TF Qu. 06-58 (Static)
When a voucher system is
used, an invoice...

Learning Objective: 06-P4
Appendix 6A-Describe the use of
documentation and verification to
control cash payments.

21. Award: 2.79 points

TB MC Qu. 06-62 (Static) A more secure type of accounting ledger...

A more secure type of accounting ledger that is continuously and simultaneously updated and verified is known as:

- A DOS ledger.
 A balance sheet.
 A bank reconciliation.
 An electronic funds transfer (EFT).
→ A blockchain ledger.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-62 (Static) A
more secure type of
accounting ledger...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

22. Award: 2.79 points

TB MC Qu. 06-66 (Static) A company's internal...

A company's internal control system:

- Eliminates the company's risk of loss.
- Monitors company and employee performance.
- Eliminates human error.
- Eliminates the need for audits.
- Eliminates the need for managers' certification of controls.

References

Multiple Choice Difficulty: 2 Medium

TB MC Qu. 06-66 (Static) A company's internal... Learning Objective: 06-C1 Define internal control and identify its purpose and principles.

23. Award: 2.79 points

TB MC Qu. 06-69 (Static) The impact of technology on internal...

The impact of technology on internal controls includes:

- Reduced processing errors.
- Elimination of the need for regular audits.
- Elimination of the need to bond employees.
- Elimination of separation of duties.
- Elimination of fraud.

References

Multiple Choice Difficulty: 2 Medium

TB MC Qu. 06-69 (Static) The impact of technology on internal... Learning Objective: 06-C1 Define internal control and identify its purpose and principles.

24. Award: 2.79 points**TB MC Qu. 06-71 (Static) Internal control...**

Internal control systems are:

- Developed by the Securities and Exchange Commission for public companies.
- Developed by the Small Business Administration for non-public companies.
- Developed by the Internal Revenue Service for all U.S. companies.
- Required by Sarbanes-Oxley (SOX) to be documented and verified if the company's stock is traded on an exchange (a public company).
- Required only if a company plans to engage in interstate commerce.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-71 (Static)
Internal control...

Learning Objective: 06-C1 Define
internal control and identify its
purpose and principles.

25. Award: 2.79 points**TB MC Qu. 06-73 (Static) Cash equivalents:**

Cash equivalents:

- Are short-term, highly liquid investment assets.
- Include 5-year certificates of deposit.
- Include accounts receivable.
- Are recorded in petty cash.
- Include long-term investments.

References

Multiple Choice

Difficulty: 1 Easy

TB MC Qu. 06-73 (Static)
Cash equivalents:

Learning Objective: 06-C2 Define
cash and cash equivalents and
explain how to report them.

26. Award: 2.79 points

TB MC Qu. 06-75 (Static) Which of the following...

Which of the following pertaining to cash equivalents is *false*?

- They are readily convertible to a known cash amount.
- They must usually be within three months of their due date.
- They are close enough to their due date so that their market value will not greatly change.
- They include short-term U.S. treasury bills.
- They include long-term investments.

References

Multiple Choice

Difficulty: 1 Easy

TB MC Qu. 06-75 (Static)
Which of the following...Learning Objective: 06-C2 Define
cash and cash equivalents and
explain how to report them.

27. Award: 2.79 points

TB MC Qu. 06-76 (Algo) The following information is available...

The following information is available for Birch Company at December 31:

Cash in registers	\$ 2,820
Investment maturing in 9 years	\$ 15,300
Accounts receivable	\$ 1,550
Cash in bank account	\$ 22,731
Accounts payable	\$ 680
Cash in petty cash fund	\$ 230
Inventory of postage stamps	\$ 21
U.S. Treasury bill maturing in 15 days	\$ 10,300

Based on this information, Birch Company should report Cash and Cash Equivalents on December 31 of:

- \$41,102
- \$36,081
- \$38,311
- \$51,381
- \$36,951

Add \$2,820 of cash in registers + \$22,731 of cash in bank + \$230 of cash in petty cash fund + \$10,300 of U.S. Treasury bill with maturity of less than three months = \$36,081.

References

Multiple Choice

Difficulty: 3 Hard

TB MC Qu. 06-76 (Algo)
The following information
is available...Learning Objective: 06-C2 Define
cash and cash equivalents and
explain how to report them.

28. Award: 2.79 points

TB MC Qu. 06-77 (Static) The following information is...

The following information is available for Fenton Manufacturing Company at June 30:

Cash in bank account	\$ 11,455
Inventory of postage stamps	\$ 74
Bank account balance	\$ 10,400
Petty cash balance	\$ 350
NSF checks from customers returned by bank	\$ 867
Accounts payable	\$ 791
Cash in register	\$ 290
A certificate of deposit maturing in five years.	\$ 6,000

Based on this information, Fenton Manufacturing Company should report Cash and Cash Equivalents on June 30 of:

- \$28,495
 \$29,286
 \$23,286
 \$12,095
 \$22,495

Add \$11,455 of cash in bank + \$10,400 bank account balance + \$350 of petty cash balance + \$290 of cash in register = \$22,495.

References

Multiple Choice

Difficulty: 3 Hard

TB MC Qu. 06-77 (Static)
The following information
is...

Learning Objective: 06-C2 Define
cash and cash equivalents and
explain how to report them.

29. Award: 2.79 points

TB MC Qu. 06-81 (Static) Which of the following statements...

Which of the following statements about an electronic funds transfer (EFT) is *false*?

- EFT are checks written by the depositor, subtracted on the depositor's books, and sent to the payee but not yet turned in for payment at the bank statement date.
 Companies are increasingly using EFT because of its convenience and low cost.
 Payroll, rent, utilities, insurance, and interest payments are usually done by EFT.
 EFT is the electronic transfer of cash from one party to another.
 Cash receipts by EFT are listed with deposits and other additions.

References

Multiple Choice

Difficulty: 1 Easy

TB MC Qu. 06-81 (Static)
Which of the following
statements...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

30. Award: 2.79 points

TB MC Qu. 06-85 (Static) The number of days'...

The number of days' sales uncollected:

- Is used to measure how quickly a company can convert its accounts receivable into cash.
- Is calculated by multiplying accounts receivable by net sales.
- Measures a company's profit margin.
- Measures a company's debt to income.
- Is calculated by dividing net sales by accounts receivable.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-85 (Static)
The number of days'...

Learning Objective: 06-A1
Compute the days' sales
uncollected ratio and use it to
assess liquidity.

31. Award: 2.79 points

TB MC Qu. 06-89 (Static) A company had net sales...

A company had net sales of \$21,000 and accounts receivable of \$2,520 for the current period. Its days' sales uncollected equals: (Use 365 days a year.)

- 8.0 days.
- 58.9 days.
- 43.8 days.
- 7.4 days.
- 45.2 days.

Days' Sales Uncollected Ratio = Accounts Receivable/Net Sales × 365
Days' Sales Uncollected Ratio = \$2,520/\$21,000 × 365 = 43.8 days

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-89 (Static) A
company had net sales...

Learning Objective: 06-A1
Compute the days' sales
uncollected ratio and use it to
assess liquidity.

32. Award: 2.79 points

TB MC Qu. 06-91 (Algo) The following information...

The following information is taken from Reagan Company's December 31 balance sheet:

Cash and cash equivalents	\$ 10,219
Accounts receivable	79,422
Merchandise inventories	69,362
Prepaid expenses	5,900
Accounts payable	\$ 16,750
Notes payable	95,638
Other current liabilities	11,300

If net sales for the current year were \$602,500, the firm's days' sales uncollected for the year is: (Use 365 days a year.)

- 48.1 days
- 42.0 days
- 160.1 days
- 70.7 days
- 80.9 days

Days' Sales Uncollected Ratio = Accounts Receivable/Net Sales × 365
 Days' Sales Uncollected Ratio = (\$79,422/\$602,500) × 365 = 48.1 days

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-91 (Algo)
 The following
 information...

Learning Objective: 06-A1
 Compute the days' sales
 uncollected ratio and use it to
 assess liquidity.

33. Award: 2.79 points

TB MC Qu. 06-93 (Static) A set of procedures and approvals...

A set of procedures and approvals for verifying, approving and recording liabilities for cash payment, and for issuing checks for payment of verified, approved, and recorded liabilities is referred to as a(n):

- Internal cash system.
- Petty cash system.
- Cash disbursement system.
- Voucher system.
- Cash control system.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-93 (Static) A
 set of procedures and
 approvals...

Learning Objective: 06-P1 Apply
 internal control to cash receipts
 and payments.

34. Award: 2.79 points**TB MC Qu. 06-99 (Static) At the end of the day,...**

At the end of the day, the cash register's record shows \$2,050, but the count of cash in the cash register is \$2,058. The correct entry to record the cash sales is

- Debit Cash \$2,058; credit Sales \$2,058.
- Debit Cash \$2,058; credit Cash Over and Short \$8; credit Sales \$2,050.
- Debit Cash \$2,050; credit Sales \$2,050.
- Debit Cash \$2,050; debit Cash Over and Short \$8; credit Sales \$2,058.
- Debit Cash Over and Short \$8, credit Sales \$8.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-99 (Static)
At the end of the day,...Learning Objective: 06-P1 Apply
internal control to cash receipts
and payments.**35.** Award: 2.79 points**TB MC Qu. 06-110 (Algo) A company wants to decrease...**

A company wants to decrease its \$200.00 petty cash fund to \$150.00. The entry to reduce the fund is:

- Debit Cash Over and Short for \$12.25; credit Petty Cash \$12.25.
- Debit to Cash \$50.00; credit Petty Cash \$50.00.
- Debit Petty Cash for \$150.00; debit Cash Over and Short \$174.00; credit Cash \$200.00.
- Debit Petty Cash \$24.00; credit Cash \$24.00.
- Debit Miscellaneous Expenses \$26.00; credit Cash \$26.00.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-110 (Algo) A
company wants to
decrease...Learning Objective: 06-P2 Explain
and record petty cash fund
transactions.

36. Award: 2.79 points

TB MC Qu. 06-115 (Algo) Childers Company, which uses a...

Childers Company, which uses a perpetual inventory system, has an established petty cash fund in the amount of \$500. The fund was last reimbursed on November 30. At the end of December, the fund contained the following petty cash receipts:

December 4	Merchandise purchased	\$ 55
December 7	Delivery expense	\$ 79
December 12	Purchase of office supplies	\$ 44
December 18	Miscellaneous expense	\$ 63

If, in addition to these receipts, the petty cash fund contains \$249.75 of cash, the journal entry to reimburse the fund on December 31 will include:

- A credit to Cash of \$250.25.
- A credit to Office Supplies Expense of \$79.
- A debit to Transportation-In of \$99.
- A credit to Cash Over and Short of \$9.25.
- A debit to Petty Cash of \$99.

Journal entry:	Debit	Credit
Merchandise Inventory	55.00	
Delivery Expense	79.00	
Office Supplies Expense	44.00	
Miscellaneous Expense	63.00	
Cash Over and Short	9.25	
Cash		250.25

References

Multiple Choice Difficulty: 3 Hard

TB MC Qu. 06-115 (Algo) Childers Company, which uses a... Learning Objective: 06-P2 Explain and record petty cash fund transactions.

37. Award: 2.79 points

TB MC Qu. 06-121 (Algo) If a check correctly written and paid by...

If a check correctly written and paid by the bank for \$118 is incorrectly recorded in the company's books for \$181, how should this error be treated on the bank reconciliation?

- Subtract \$63 from the bank's balance and add \$45 to the book's balance.
- Add \$63 to the book balance.
- Subtract \$63 from the bank's balance.
- Subtract \$63 from the book balance.
- Add \$63 to the bank's balance.

$\$181 - \$118 = \$63$ too much originally deducted from the company's cash account balance that must now be added back to cash.

References

Multiple Choice Difficulty: 3 Hard

TB MC Qu. 06-121 (Algo) If a check correctly written and paid by... Learning Objective: 06-P3 Prepare a bank reconciliation.

38. Award: 2.79 points

TB MC Qu. 06-124 (Algo) In the process of reconciling...

In the process of reconciling its bank statement for April, Donahue Enterprises' accountant compiles the following information:

Cash balance per company books on April 30	\$ 6,195
Deposits in transit at month-end	\$ 1,460
Outstanding checks at month-end	\$ 780
Bank charge	\$ 125
Note collected by bank on Donahue's behalf	\$ 610
A check paid to Donahue during the month by a customer is returned by the bank as NSF	\$ 640

The adjusted cash balance per the books on April 30 is:

- \$3,800
 \$8,000
 \$6,680
 \$6,040
 \$5,680

Book balance	\$ 6,195
+ note collection	+610
- bank charge	-125
- NSF check returned by bank	-640
Adjusted book balance	<u>\$ 6,040</u>

References

Multiple Choice Difficulty: 3 Hard

TB MC Qu. 06-124 (Algo) In the process of reconciling... Learning Objective: 06-P3 Prepare a bank reconciliation.

39. Award: 2.79 points

TB MC Qu. 06-135 (Static) Which of the following is...

Which of the following is *not* considered an effective cash management strategy?

- Encouraging collection of receivables by offering discounts for early payments.
 Keeping only necessary assets.
 Planning expenditures.
 Retaining excess cash for unexpected expenditures.
 Delaying payment of liabilities until the last possible day.

References

Multiple Choice Difficulty: 2 Medium

TB MC Qu. 06-135 (Static) Which of the following is... Learning Objective: 06-C2 Define cash and cash equivalents and explain how to report them.

40. Award: 2.79 points

TB MC Qu. 06-138 (Algo) Franklin Company deposits...

Franklin Company deposits all cash receipts on the day they are received and makes all cash payments by check. At the close of business on August 31, its Cash account shows a debit balance of \$18,662. Franklin's August bank statement shows a \$18,637 balance in the bank. Determine the adjusted cash balance using the following information:

Deposit in transit	\$ 6,150
Outstanding checks	\$ 5,000
Bank service fees, not yet recorded by company	\$ 105
The bank collected on a note receivable, not yet recorded by the company	\$ 1,230

The adjusted cash balance should be:

- \$24,787
 \$13,637.
 \$19,892
 \$18,557
 \$19,787

Bank balance	\$ 18,637	Book balance	\$ 18,662
+ Deposit in transit	+6,150	Bank service fees	-105
- Outstanding checks	-5,000	Note collected	+1,230
Adjusted bank balance	<u>\$ 19,787</u>	Adjusted book balance	<u>\$ 19,787</u>

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-138 (Algo)
Franklin Company
deposits...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

41. Award: 2.79 points

TB MC Qu. 06-140 (Static) Franklin Company's bank...

Franklin Company's bank reconciliation as of August 31 is shown below.

Bank balance	\$ 14,237	Book balance	\$ 13,162
+ Deposit in transit	+4,500	Bank service fees	-50
- Outstanding checks	-3,900	Note collected	+1,725
Adjusted bank balance	<u>\$ 14,837</u>	Adjusted book balance	<u>\$ 14,837</u>

A journal entry that Clayborn must record as a result of the bank reconciliation includes:

- Debit Cash \$4,500; credit Sales \$4,500.
 Debit Cash \$1,725; credit Notes Receivable \$1,725.
 Debit Cash \$50; credit Bank Service Fee Expense \$50.
 Debit Miscellaneous Expense \$3,900; credit Cash \$3,900.
 Debit Notes Receivable \$1,725; credit Cash \$1,725.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-140 (Static)
Franklin Company's bank...

Learning Objective: 06-P3 Prepare
a bank reconciliation.

42. Award: 2.79 points

TB MC Qu. 06-142 (Algo) Great Falls Company's...

Great Falls Company's bank reconciliation as of February 28 is shown below.

Bank balance	\$ 38,043	Book balance	\$ 38,533
+ Deposit in transit	3,150	Note collection	+785
- Outstanding checks	- 1,930	Check printing	-55
Adjusted bank balance	\$ 39,263	Adjusted book balance	\$ 39,263

One of the journal entries that Great Falls Company must record as a result of the bank reconciliation includes:

- Debit Notes Payable \$785; credit Cash \$785.
- Debit Cash \$785; credit Notes Receivable \$785.
- Debit Cash \$3,150; credit Sales \$3,150.
- Debit Cash \$3,150; credit Accounts Receivable \$3,150.
- Debit Miscellaneous Expense \$55; credit Accounts Payable \$55.

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-142 (Algo)
Great Falls Company's...Learning Objective: 06-P3 Prepare
a bank reconciliation.

43. Award: 2.82 points

TB MC Qu. 06-147 (Algo) Meng Company maintains a...

Meng Company maintains a \$400 petty cash fund. On January 31, the fund is replenished. The accumulated receipts on that date represent \$100 for office supplies, \$200 for merchandise inventory, and \$40 for miscellaneous expenses. There is a cash shortage of \$10. The journal entry to replenish the fund on January 31 is:

- Debit Office Supplies Expense, \$100; Debit Merchandise Inventory, \$200; Debit Miscellaneous Expenses, \$40; Debit Cash Over and Short, \$10; Credit Petty Cash, \$350.
- Debit Office Supplies Expense, \$100; Debit Merchandise Inventory, \$200; Debit Miscellaneous Expenses, \$40; Credit Cash Over and Short, \$10; Credit Petty Cash, \$330.
- Debit Office Supplies Expense, \$100; Debit Merchandise Inventory, \$200; Debit Miscellaneous Expenses, \$40; Credit Cash Over and Short, \$10; Credit Cash, \$330.
- Debit Office Supplies Expense, \$100; Debit Merchandise Inventory, \$200; Debit Miscellaneous Expenses, \$40; Debit Cash Over and Short, \$10; Credit Cash, \$350.
- Debit Office Supplies Expense, \$100; Debit Merchandise Inventory, \$200; Debit Miscellaneous Expenses, \$40; Credit Cash Over and Short, \$10; Credit Petty Cash, \$400.

\$400 fund balance minus \$340 in receipts = \$60 theoretical cash balance. Since there was an \$10 shortage, the cash on hand was less than expected. $\$60 - \$10 = \$50$. Cash replenishment is \$350 (\$400 Petty cash fund balance minus \$50 cash on hand).

References

Multiple Choice

Difficulty: 2 Medium

TB MC Qu. 06-147 (Algo)
Meng Company maintains
a...Learning Objective: 06-P2 Explain
and record petty cash fund
transactions.