

1.

Award: 50.00 points Problems? Adjust credit for all students.

CH 6
ASSESSMENT

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 \$350 check to establish a petty cash fund.
- February 5 Purchased paper for the copier for \$15.75 that is immediately used.
- February 9 Paid \$42.50 shipping charges (transportation-in) on merchandise purchased for resale, terms FOB shipping point. These costs are added to merchandise inventory.
- February 12 Paid \$7.05 postage to deliver a contract to a client.
- February 14 Reimbursed Adina Sharon, the manager, \$73 for mileage on her car.
- February 20 Purchased office paper for \$67.77 that is immediately used.
- February 23 Paid a courier \$18 to deliver merchandise sold to a customer, terms FOB destination.
- February 25 Paid \$10.70 shipping charges (transportation-in) on merchandise purchased for resale, terms FOB shipping point. These costs are added to merchandise inventory.
- February 27 Paid \$56 for postage expenses.
- February 28 The fund had \$26.33 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 \$120 to a total of \$470.

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

Prepare the journal entry to establish the petty cash fund.

No	Date	General Journal	Debit	Credit
1	February 02	Petty cash	350	
		Cash		350

< Required 1 Required 2 >

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	\$	18.00
Mileage expense			
February 14	Reimbursement for mileage		73.00
Postage expense			
February 12	Express delivery of contract	\$ 7.05	
February 27	Purchased postage stamps	56.00	63.05
Merchandise inventory (transportation-in)			
February 9	Shipping charges on purchases	42.50	
February 25	Shipping charges on purchases	10.70	53.20
Office supplies expense			
February 5	Purchased paper for copier	15.75	
February 20	Purchased office paper	67.77	83.52
Total		\$	290.77

< Required 1
Required 3 >

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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	18.00	
		Mileage expense	73.00	
		Postage expense	63.05	
		Merchandise inventory	53.20	
		Office supplies expense	83.52	
		Cash over and short	32.90	
		Cash		323.67
2	February 28	Petty cash	120.00	
		Cash		120.00

< Required 2
Required 3 >

Explanation:

No further explanation details are available for this problem.

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[The following information applies to the questions displayed below.]

The following information is available to reconcile Branch Company's book balance of cash with its bank statement cash balance as of July 31.

- a. On July 31, the company's Cash account has a \$25,770 debit balance, but its July bank statement shows a \$28,280 cash balance.
- b. Check Number 3031 for \$1,570, Check Number 3065 for \$561, and Check Number 3069 for \$2,338 are outstanding checks as of July 31.
- c. Check Number 3056 for July rent expense was correctly written and drawn for \$1,210 but was erroneously entered in the accounting records as \$1,200.
- d. The July bank statement shows the bank collected \$8,000 cash on a note for Branch. Branch had not recorded this event before receiving the statement.
- e. The bank statement shows an \$805 NSF check. The check had been received from a customer, Evan Shaw. Branch has not yet recorded this check as NSF.
- f. The July statement shows a \$12 bank service charge. It has not yet been recorded in miscellaneous expenses because no previous notification had been received.
- g. Branch's July 31 daily cash receipts of \$9,132 were placed in the bank's night depository on that date but do not appear on the July 31 bank statement.

2.

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Required information

Required:

1. Prepare the bank reconciliation for this company as of July 31.

BRANCH COMPANY			
Bank Reconciliation			
July 31			
Bank statement balance	\$ 28,280	Book balance	\$ 25,770
Add:		Add:	
Deposit of July 31	\$ 9,132	Proceeds from note	\$ 8,000
	9,132		8,000
	37,412		33,770
Deduct:		Deduct:	
Check Number 3031	1,570	NSF check	805
Check Number 3065	561	Service charge	12
Check Number 3069	2,338	Error (Check 3056)	10
	4,469		827
Adjusted bank balance	\$ 32,943	Adjusted book balance	\$ 32,943

3.

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Required information

2. Prepare the journal entries necessary to make the company's book balance of cash equal to the reconciled cash balance as of July 31. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)

No	Transaction	General Journal	Debit	Credit
1	a.	No journal entry required		
2	b.	No journal entry required		
3	c.	Rent expense	10	
		Cash		10
4	d.	Cash	8,000	
		Notes receivable		8,000
5	e.	Accounts receivable—E. Shaw	805	
		Cash		805
6	f.	Miscellaneous expenses	12	
		Cash		12
7	g.	No journal entry required		

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