

# Study Guide 5

Name	Perfect Score	Your Score
Identifying Accounting Terms	18 Pts.	
Analyzing Transactions in a Cash Control System	12 Pts.	
Identifying Accounting Concepts and Practices	20 Pts.	
<b>Total</b>	<b>50 Pts.</b>	

## Part One—Identifying Accounting Terms

**Directions:** Select the one term in Column I that best fits each definition in Column II. Print the letter identifying your choice in the Answers column.

<b>Column I</b>	<b>Column II</b>	<b>Answers</b>
A. bank statement	1. A bank account from which payments can be ordered by a depositor. (p. 123)	1. _____
B. blank endorsement	2. A bank form which lists the checks, currency, and coins an account holder is adding to the bank account. (p. 123)	2. _____
C. canceled check	3. A signature or stamp on the back of a check, transferring ownership. (p. 124)	3. _____
D. cash over	4. An endorsement consisting only of the endorser's signature. (p. 124)	4. _____
E. cash short	5. An endorsement indicating a new owner of a check. (p. 124)	5. _____
F. checking account	6. An endorsement restricting further transfer of a check's ownership. (p. 125)	6. _____
G. debit card	7. A check with a future date on it. (p. 126)	7. _____
H. deposit slip	8. A check that cannot be processed because the maker has made it invalid. (p. 127)	8. _____
I. dishonored check	9. A report of deposits, withdrawals, and bank balances sent to a depositor by a bank. (p. 129)	9. _____
J. electronic funds transfer	10. A check which has been paid by the bank. (p. 129)	10. _____
K. endorsement	11. A check that a bank refuses to pay. (p. 135)	11. _____
L. NSF check	12. A check dishonored by the bank because of insufficient funds in the account of the maker of the check. (p. 135)	12. _____
M. petty cash	13. A computerized cash payments system that transfers funds without the use of checks, currency, or other paper documents. (p. 137)	13. _____
N. petty cash slip	14. A bank card that automatically deducts the amount of a purchase from the checking account of the cardholder. (p. 138)	14. _____
O. postdated check	15. An amount of cash kept on hand and used for making small payments. (p. 140)	15. _____
P. restrictive endorsement	16. A form showing proof of a petty cash payment. (p. 141)	16. _____
Q. special endorsement	17. A petty cash on hand amount that is less than a recorded amount. (p. 143)	17. _____
R. voided check	18. A petty cash on hand amount that is more than a recorded amount. (p. 143)	18. _____

## Part Two—Analyzing Transactions in a Cash Control System

**Directions:** Analyze each of the following transactions into debit and credit parts. Print the letter identifying your choice in the proper Answers columns.

### Account Titles

- |   |                           |                          |
|---|---------------------------|--------------------------|
| A. Cash                                 | D. Supplies               | F. Cash Short and Over   |
| B. Petty Cash                           | E. Accounts Payable—Fargo | G. Miscellaneous Expense |
| C. Accounts Receivable—<br>J. Erlandson | Supplies                  |                          |

### Answers

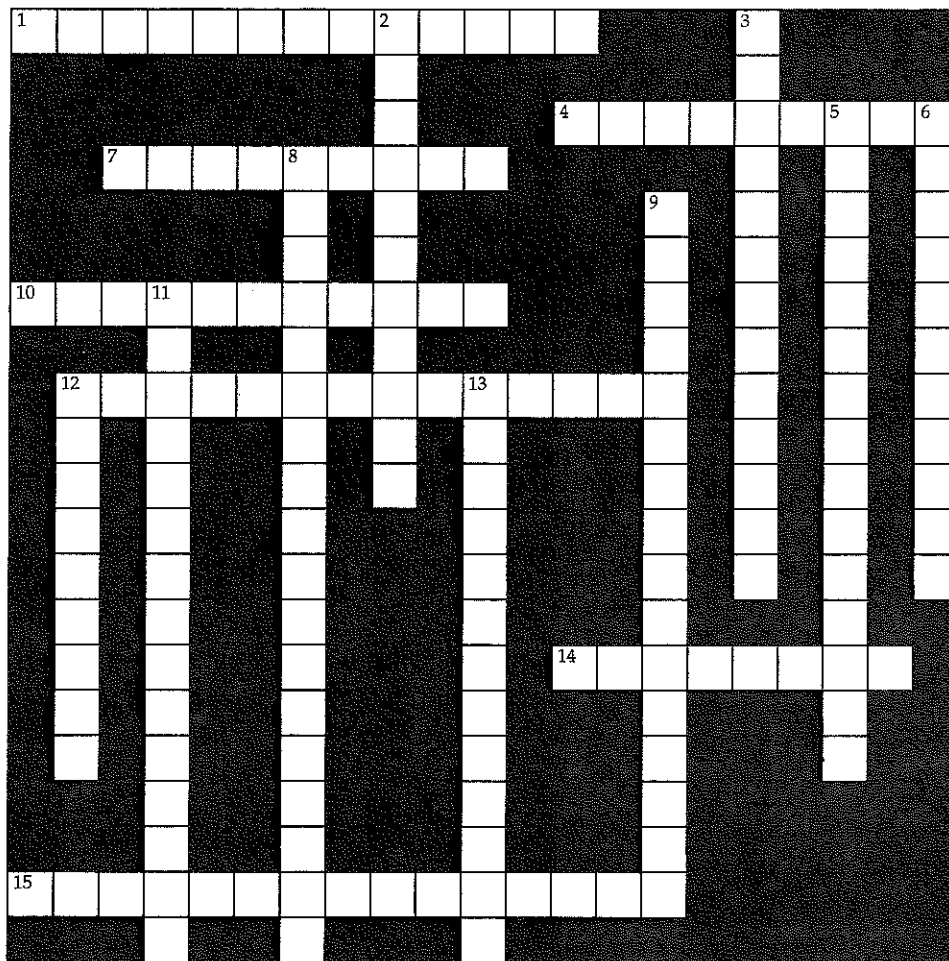
	<b>Debit</b>	<b>Credit</b>
1-2. Received bank statement showing bank service charge. (p. 133)	1. _____	2. _____
3-4. Received notice from the bank of a dishonored check from J. Erlandson. (p. 136)	3. _____	4. _____
5-6. Paid cash on account to Fargo Supplies using EFT. (p. 137)	5. _____	6. _____
7-8. Purchased supplies using a debit card. (p. 138)	7. _____	8. _____
9-10. Paid cash to establish a petty cash fund. (p. 140)	9. _____	10. _____
11-12. Paid cash to replenish a petty cash fund: \$50.00; supplies, \$35.00; miscellaneous expense, \$14.00; cash short, \$1.00. (p. 144)	11. _____	12. _____

**Part Three—Identifying Accounting Concepts and Practices**

**Directions:** Place a *T* for True or *F* for False in the Answers column to show whether each of the following statements is true or false.

**Answers**

- |  |           |
|--|-----------|
| 1. Because cash transactions occur more frequently than other transactions, there is more chance for making recording errors affecting cash. (p. 122)  | 1. _____  |
| 2. When a deposit is made in a bank account, the bank issues a check. (p. 123)   | 2. _____  |
| 3. There are three types of endorsements commonly used: blank, special, and restrictive. (p. 124)  | 3. _____  |
| 4. A check with a blank endorsement can be cashed by anyone who has possession of the check. (p. 124)  | 4. _____  |
| 5. When writing a check, the first step is to prepare the check. (p. 126)  | 5. _____  |
| 6. Most banks do not look at the date the check is written and will withdraw money from the depositor's account anytime. (p. 126)                      | 6. _____  |
| 7. The amount of a check is written twice on each check. (p. 126)  | 7. _____  |
| 8. A check that contains minor errors can be corrected neatly and initialed. (p. 127)  | 8. _____  |
| 9. An important aspect of cash control is verifying that the information on a bank statement and a checkbook are in agreement. (p. 130)                | 9. _____  |
| 10. An outstanding check is one that has not yet been issued. (p. 130)   | 10. _____ |
| 11. Banks deduct service charges from customers' checking accounts without requiring customers to write a check for the amount. (p. 132)               | 11. _____ |
| 12. Not only do banks charge a fee for handling a dishonored check, but they also deduct the amount of the check from the account as well. (p. 135)    | 12. _____ |
| 13. The journal entry for a payment on account using electronic funds transfer is exactly the same as when the payment is made by debit card. (p. 137) | 13. _____ |
| 14. The source document for an electronic funds transfer is a check number. (p. 137)   | 14. _____ |
| 15. The source document for a debit card purchase is a memorandum. (p. 138)  | 15. _____ |
| 16. The purpose of a petty cash fund is to make small cash payments without writing checks. (p. 140)   | 16. _____ |
| 17. Businesses use petty cash when writing a check is not time or cost effective. (p. 140)   | 17. _____ |
| 18. A petty cash report is completed at the end of each business day. (p. 143)   | 18. _____ |
| 19. A memorandum is the source document for the entry to record replenishing the petty cash fund. (p. 144)   | 19. _____ |
| 20. When the petty cash fund is replenished, the balance of the petty cash account increases. (p. 145)   | 20. _____ |



**Across**

1. A report of deposits, withdrawals, and bank balances sent to a depositor by a bank.
4. A bank card that automatically deducts the amount of a purchase from the checking account of the cardholder.
7. A petty cash on hand amount that is less than the recorded amount.
10. A check that cannot be processed because the maker has made it invalid.
12. A check with a future date on it.
14. A petty cash on hand amount that is more than the recorded amount.
15. A bank account from which payments can be ordered by a depositor.

**Down**

2. A signature or stamp on the back of a check transferring ownership.
3. A form showing proof of a petty cash payment.
5. An accounting worker who processes routine details about accounting transactions.
6. A bank form which lists the checks, currency, and coins an account holder is adding to a bank account.
8. An endorsement indicating a new owner of a check.
9. An endorsement consisting only of the endorser's signature.
11. A check that a bank refuses to pay.
12. An amount of cash kept on hand and used for making small payments.
13. A check which has been paid by the bank.