Chapter 6 Study Guide Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_

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.

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| Column I | Column II | Answers |
| A. Bank Statement | 1. A bank account from which payments can be ordered by a depositor. (p.120) | 1 \_\_\_\_\_\_\_\_\_ |
| B. Blank endorsement | 2. A signature or stamp on the back of check, transferring ownership. (p.121) | 2. \_\_\_\_\_\_\_\_\_ |
| C. Checking Account | 3. An endorsement consisting only of the endorser’s signature (p.121) | 3. \_\_\_\_\_\_\_\_\_ |
| D. debit card | 4. An endorsement indicating a new owner of a check (p.121) | 4. \_\_\_\_\_\_\_\_\_ |
| E. dishonored check | 5. An endorsement restricting further transfer of a check’s ownership (p.121) | 5. \_\_\_\_\_\_\_\_\_ |
| F. electronic funds transfer | 6. A check with a future date on it. (p.122)  | 6. \_\_\_\_\_\_\_\_\_ |
| G. Endorsement | 7. A report of deposits, withdrawals, and bank balances sent to a depositor by a bank. (p.125) | 7. \_\_\_\_\_\_\_\_\_ |
| H. Petty Cash | 8. A check that a bank refuses to pay (p.130) | 8. \_\_\_\_\_\_\_\_\_ |
| I. Petty Cash Slip | 9. A computerized cash payments system that uses electronic impulses to transfer funds. (p.132) | 9. \_\_\_\_\_\_\_\_\_ |
| J. postdated check | 10. A bank card that, when making purchases, automatically deducts the amount of the purchase from the checking account of the cardholder (p.133) | 10. \_\_\_\_\_\_\_ |
| K. restrictive endorsement | 11. An amount of cash kept on hand and used for making small payments. (p.135) | 11. \_\_\_\_\_\_\_\_ |
| L. Special Endorsement | 12. A form showing proof of a petty cash payment. (p.136) | 12. \_\_\_\_\_\_\_\_ |

Part Two – Analyzing Transactions in a Cash Control System

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

**Account Titles**

A. Cash

B. Petty Cash

C. Accounts Receivable – B. Johnson

D. Supplies

E. Accounts Payable – Super Supplies

F. Miscellaneous Expense

|  |  |
| --- | --- |
|  | Answers |
| Transactions | *Debit* | *Credit* |
| 1-2. Received bank statement showing bank service charge (p.128) | 1. \_\_\_\_\_\_ | 2.\_\_\_\_\_\_\_ |
| 3-4. Received notice from a bank of a dishonored check from B. Johnson (p.131) | 3. \_\_\_\_\_\_ | 4.\_\_\_\_\_\_\_ |
| 5-6. Paid cash on account to Supper Supplies using EFT. (p.132) | 5. \_\_\_\_\_\_ | 6. \_\_\_\_\_\_\_ |
| 7-8. Purchased supplies using a debit card (p.133) | 7. \_\_\_\_\_\_ | 8.\_\_\_\_\_\_ |
| 9-10. Paid cash to establish a petty cash fund (p.135). | 9. \_\_\_\_\_\_\_ | 10. \_\_\_\_\_\_ |
| 11-12. Paid cash to replenish a petty cash fund: $12.00, supplies; $3.50, miscellaneous expense (p.137) | 11. \_\_\_\_\_\_\_ | 12. \_\_\_\_\_\_\_ |

Part Three – Identifying Accounting Concepts and Practices

Directions: Place a T for True or an F for False in the Answer Column to show whether each of the following statements is true or false.

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| 1.\_\_\_\_\_ | 1. Because cash transactions occur more frequently than other transactions, the chances for making recording errors affecting cash are less. (p.118 |
| 2.\_\_\_\_\_ | 2. When a deposit is made in a bank account, the bank issues a receipt. (p.120) |
| 3. \_\_\_\_\_ | 3. There are four types of endorsements commonly used: blank, special, original, and restrictive. (p.121) |
| 4. \_\_\_\_\_ | 4. A check with a blank endorsement can be cashed by anyone who has the check. (p.121) |
| 5.\_\_\_\_\_ | 5. When writing a check, the first step is to prepare the check stub.(p.122) |
| 6. \_\_\_\_\_ | 6. Most banks do not look at the date the check was written and will withdraw money from the depositor’s account anytime. (p.122) |
| 7.\_\_\_\_\_ | 7. The amount of a check is written twice on each check. (p.122) |
| 8. \_\_\_\_\_\_ | 8. A check that contains errors must be marked with the work VOID and another check must be written (p.123) |
| 9. \_\_\_\_\_ | 9. An outstanding check is one that has been issued but not yet reported on a bank statement by the bank (p.125) |
| 10. \_\_\_\_ | 10. An important aspect of cash control is verifying that the information on a bank statement and a checkbook are in agreement. (p.126) |
| 11. \_\_\_\_ | 11. Banks deduct service charges from customers’ checking accounts without requiring customers to write a check for the amount. (p.127) |
| 12. \_\_\_\_ | 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. 130) |
| 13. \_\_\_\_ | 13. The journal entry for a payment on account using electronic funds transfer is exactly the same as when the payment is made by check. (p.132) |
| 14. \_\_\_\_ | 14. The source document for an electronic funds transfer is a memorandum (p.132) |
| 15. \_\_\_\_ | 15. The source document for a debit card purchase is a memorandum. (p. 133) |
| 16. \_\_\_\_ | 16. Encore Music maintains a petty cash fund from making large cash payments without writing a check. (p.135) |
| 17. \_\_\_\_ | 17. Using a petty cash fund usually decreases the number of checks that have to be written (p.135) |
| 18. \_\_\_\_\_ | 18. A memorandum is the source document for the entry to record establishing a petty cash fund. (p.135) |
| 19. \_\_\_\_\_ | 19. Anytime a payment is made from the petty cash fund, a petty cash slip is prepared showing proof of a petty cash payment (p.136) |
| 20. \_\_\_\_\_ | 20. When the petty cash fund is replenished, the balance of the petty cash account increases. (p.137) |