

## I. ACCOUNTING FOR PETTY CASH

On January 2, a petty cash system was set up by Video Showcase to handle incidental expenses. A \$200 check was cashed, petty cash slips and a petty cash box purchased, and the fund was locked in Linda's desk. A review of the fund on February 1st revealed a balance of \$6 and the following petty cash slips.

Miscellaneous	\$10
Office Supplies Purchased	25
Contributions	20
Stamps Purchased	80
Transportation-In	60

Instructions: Make the Journal Entries necessary to open a petty cash fund on January 2, and to replenish and increase the fund to \$250 on February 1.

Jan. 2	Petty Cash	DR.		CR.
	Cash	200		200
Feb. 1	Miscellaneous Expense	10		
	Office Supplies	25		
	Contributions	20		
	Postage	80		
	Transportation-In	60		
	Petty Cash	50		
	Cash Over and Short			1
	Cash			244

Hint: Cash was credited on February 1 for \$244.