**Unit 7: Internal Controls and Financial Analysis**

**Activity 2: Cash Control ELO1092250**

1. What is a petty cash fund?
2. List two examples of small expenditures.
3. How is a petty cash fund established?
4. What is the journal entry to establish a petty cash fund?

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1. How do you operate a petty cash fund?
2. How do you replenish a petty cash fund? (List the five steps)
3. What are the standard policies for the petty cash fund?

**Check Your Understanding**

1. What is the journal entry for this Petty Cash Summary? Write your entry down before you check the correct answer.
2. What is the correct journal entry to establish the Petty Cash fund?

a) DR Bank Account                                   200.00
            CR            Petty cash fund                                      200.00

b) DR Petty cash fund                                200.00
            CR                  Bank account                                   200.00

c) DR Office Expense                                 200.00
            CR                  Petty cash fund                                200.00

d) DR   Office Expense                   85.92
    DR   Courier Expense                 61.23
    DR   Postage Stamps                 41.38
    DR   GST on Purchases             11.47
             CR      Petty Cash                                        200.00

**Petty Cash Journal Entry Practice – Prepare the journal entries for the following petty cash scenarios.**

1. Jan. 15 - Establish a petty cash fund of $150.
2. Feb. 20 - Increase the petty cash fund from $150 to $200.
3. Mar. 16 - Replenish the petty cash fund with cheque #105 using the following summary:

Supplies Expense $10.70

Postage Expense $4.44

Car Expense $9.10

Miscellaneous Expense $45.35

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