CHAPTER 8: Cash and Cash Equivalents

Problem 8-1: Cash and Cash Equivalents

1. How much cash and cash equivalents should Kerry Corp. report on the December 31, 2021 statement of financial position?

a. P1,565,000 b. P1,700,000 **c. P1,717,000** d. P1,865,000

Traveler's check	25,000
Postal money order	15,000
Petty cash fund	2,000
Treasury bills due 3/31/2017(purchased 12/31/2016)	100,000
Current account at Metrobank	1,175,000 Payroll
account	250,000
Treasury warrants	150,000
Total cash and cash equivalents	P1,717,000

Problem 8-2: Cash and Cash Equivalents

1. How much cash and cash equivalents should Kerry Corp. report on the December 31, 2021 statement of financial position?

a. P3,084,000 b. P2,790,000 c. P2,784,000 d. P2,704,000

Traveler's check	50,000
Postal money order	30,000
Petty cash fund	4,000
Treasury bills due 3/31/2017(purchased 12/31/2016)	200,000
Current account at Metrobank	2,000,000
Payroll account	500,000
Treasury warrants	300,000
Total cash and cash equivalents	P3,084,000

Problem 8-3: Cash and Cash Equivalents

1. The correct cash and cash equivalents balance on December 31, 2021 is

a. P98,900. b. P98,730. c. P97,530. **d. P98,330.**

Bills and coins on hand	P52,780
Traveler's check	22,400 Petty
cash excluding paid cash vouchers of P1,650	350
Money order	800
Checking account balance in BPI	22,000
Total	P98,330

Problem 8-4: Cash and Cash Equivalents

1. The correct cash and cash equivalents balance on December 31, 2021 is

a. P3,850,000 b. P3,880,000 c. P5,250,000 d. P5,280,000

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Cash on hand	P80,000
Checking account no. 143 – BPI	200,000
Checking account no. 155 – BPI	(30,000)
Cash and cash equivalents	3,600,000
Total	P3,850,000

Problem 8-5: Cash and Cash Equivalents

1. In the absence of evidence to the contrary, the entity's total cash and cash equivalent at December 31, 2021 is:

a. P98,560 **b. P100,340** c. P109,775 d. P107,060

Bank check account	P58,400
Bank savings account(collectible immediately)	23,440
Cash	10,000
Tbills maturing in 2months	8,500
Cash and cash equivalents	P100,340

Problem 8-6: Cash and Cash Equivalents

1. What should be reported as “cash and cash equivalents” on December 31, 2021

a. P5,130,000 b. P5,150,000 **c. P4,150,000** d. P4,880,000

Petty cash fund (70k – 15k – 5k)	P50,000
Current account: Metrobank (4M + 100k)	4,100,000
Cash and cash equivalents	P4,150,000

Problem 8-7: Effective Interest Rate

1. What is the principal amount of the loan?

a. P3,375,000 b. P3,325,000 **c. P3,500,000** d. 3,480,000

2. What is the effective interest rate on the loan?

a. 8% b. 12.91% c. 12,30% **d.12%**

Problem 8-8: Petty Cash Fund

1. prepare working papers showing your cash account.

Currencies	3,000
Coins	450
Salary	3,800
Adj. petty cash fund	7,250

Requirement #2

Petty Cash Accounted:

Currencies	3,000
Coins	450

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Petty cash voucher:		
Transportation	650	
Office supplies	160	
Repair of computer	400	
Loans to employees	600	
Miscellaneous expenses	240	
Postage	200	
Salary	3,800	
Employees check	1,200	
Contribution for wedding gift	500	11,200
Less: Petty Cash Accountabilities		
PCF imprest balance	10,000	
Contribution for wedding gift	500	10,500
Petty cash overage		700

Requirement #3

3. Determine the amount at which the Petty Cash Fund will be stated in the statement of financial position as of December 31, 2021.

Adjusting entries	Debit	Credit
Transportation expense	650	
Office supply expense	160	
Repair expense	400	
Advances to employees	600	
Miscellaneous expense	240	
Postage	200	
Petty cash fund		2,250
Unused stamps	50	
Postage		50
Petty cash fund	700	
Miscellaneous income		700
Advances to employees	1,200	
Petty cash fund		1,200

Problem 8-9: Petty Cash Fund

1. Compute the amount of cash shortage

Cash accounted for

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Currency	2,585	
Checks	17,600	
Unreplenished vouchers	425	
IOUs	150	20,760
Cash Accountability:		
Petty cash fund	5,000	
Collection for customer check	6,500	
Cash collections	12,150	23,650
Cash Overage		(2,890)

Problem 8-10: Bank Reconciliation

1. Deposit in transit on November 30

a. 2,600 **b. 3,600** c. 1,600 d. 600

2. Outstanding check on November 30

a. 2,628 b. 2,826 c. 3,268 d. 1,628

3. Adjusted receipts in November

a. 17,519 **b. 19,019** c. 15,419 d. 21,309

4. Correct cash balance on November 30

a. 10,094 b. 13,694 c. 11,066 **d. 10,566**

5. Assuming each reconciling item will be given an adjusting entry, how many adjusting entries will be made on November 30

a. 8 b. 4 c. 6 d. 5

Solution:

	Oct.31	Receipt	Disbursements	Nov.30
Unadjusted bank balance	18,005	17,709	25,620	10.094
Erroneous bank credit		(500)		(500)
Deposit in transit: Oct.	1,790	(1,790)		
Nov.		**3,600**		
Outstanding checks: Oct.	(6,681)		(6,681)	
Nov.				(2,628)
	13,114	**19,019**	**2,628** 21,567	**10,556**
Unadjusted book balance				
Credit Memo: Oct.	1,534	18,269	21,575	8,228
Nov.	1,600			1,600
NSF: Nov.		750		750
BSC: Oct.			665	(665)
Nov.	(20)			(20)
			22	(22)
			35	(35)
Check no.148 overstated disbursement			(1,000)	1,000

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Check no.150 understated disbursement			270	(270)
	13,114	19,019	21,567	10,556

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