

# Problem 3

Everglades Expeditions established a petty cash fund for minor day-to-day expenses. Following are activities related to this fund. Prepare the necessary journal entries for petty cash.

- 1) Established a \$1,000 petty cash fund by writing a check to “cash,” cashing the check, and placing the proceeds in a petty cash box entrusted to Herman Jones as custodian.
- 2) At the end of the month, the petty cash fund contained remaining cash of \$254, and receipts for \$130 postage, \$246 office supplies, and \$360 gasoline for company vehicles. Herman is not sure why the fund is short \$10. A check payable to cash in the amount of \$746 was prepared, and the funds were placed into the box.
- 3) At the end of the next month, the petty cash fund contained remaining cash of \$70, and receipts for \$530 postage, \$320 office supplies, and \$80 gasoline for company vehicles. A check payable to cash in the amount of \$1,430 was prepared, and the funds were placed into the box. This amount reimburses the fund and increases its balance to \$1,500.

## Worksheet 3

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
#1			
	<i>To establish a \$500 petty cash fund</i>		
#2			
	<i>To record expenses and replenishment of petty cash</i>		
#3			
	<i>To record expenses and replenishment/increase to petty cash</i>		

## Solution 3

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
#1	Petty Cash	1,000	
	Postage Expense		1,000
	<i>To establish a \$500 petty cash fund</i>		
#2	Cash	130	
	Office Supplies Expense	246	
	Fuel Expense	360	
	Cash Short	10	
	Cash		746
	<i>To record expenses and replenishment of petty cash</i>		
#3	Petty Cash	500	
	Postage Expense	530	
	Office Supplies Expense	320	
	Fuel Expense	80	
	Cash		1,430
	<i>To record expenses and replenishment/increase to petty cash</i>		