1. As contemplated in accounting, cash includes
   a. Money only
   b. Money and any negotiable instrument
   c. Any negotiable instrument
   d. Money and any negotiable instrument that is payable in money and acceptable by the bank for deposit and immediate credit

2. To be reported as “cash and cash equivalent”, the cash and cash equivalent must be
   a. Unrestricted in use for current operations
   b. Available for the purchase of property, plant and equipment
   c. Set aside for the liquidation of long-term debt
   d. Deposited in the bank

3. Cash equivalents are
   a. Short-term and highly liquid investments that are readily convertible into cash
   b. Short-term and highly liquid investments that are readily convertible into cash with remaining maturity of three months or more
   c. Short-term and highly liquid investments that are readily convertible into cash with remaining maturity of three months or less
   d. Short-term and highly liquid marketable equity securities

4. Which is false concerning measurement of cash and cash equivalents?
   a. Cash is measured at face value
   b. Cash in foreign currency is measured at the current exchange rate
   c. If a bank or financial institution holding the funds of the company is in bankruptcy or financial difficulty, cash should be written down to estimated realizable value
   d. Cash equivalents should be measured at maturity value, meaning face value plus interest

5. If material, deposits in foreign bank which are subject to foreign exchange restriction should be classified
   a. Separately as current asset, with appropriate disclosure
   b. Separately as a non-current asset with appropriate disclosure
   c. Be written off as an extraordinary loss
   d. As part of cash and cash equivalents

6. Bank overdraft
   a. Is a debit balance in a cash in bank account
   b. Is offset against demand deposit account in another bank
   c. Which cannot be offset is classified as a current liability
   d. Which cannot be offset is classified as non-current liability

7. A compensating balance
   a. Must be included in cash and cash equivalent
   b. Which is legally restricted and related to a long-term loan is classified as a current asset
   c. Which is legally restricted and related to a short-term loan is classified separately as a current asset
   d. Which is not legally restricted as to withdrawal is classified separately as current asset

8. Unreleased checks
   a. Should be treated as outstanding checks
   b. Should be restored to the cash balance
   c. Should be treated as outstanding checks if the date is shortly after the balance sheet
   d. Should be treated as outstanding checks if they are ultimately encashed

9. Which of the following should not be considered cash for financial reporting purposes?
   a. Petty cash funds and change funds
   b. Money orders, certified checks and personal checks
   c. Coin, currency and available funds
   d. Post-dated checks and IOUs
10. Which of the following is usually considered cash?
   a. Certificates of deposit
   b. Checking accounts
   c. Money market savings certificates
   d. Post-dated checks

11. Petty cash fund is
   a. Separately classified as current asset
   b. Money kept on hand for making minor disbursements of coin and currency rather than by writing checks
   c. Set aside for the payment of payroll
   d. Restricted cash

12. The petty cash account under the imprest fund system is debited
   a. Only when the fund is created
   b. When the fund is created and every time it is replenished
   c. When the fund is created and when the size of the funds is increased
   d. When the fund is created and when the size of the funds is decreased

13. The internal control feature that is specific to petty cash is
   a. Separation of duties
   b. Assignment of responsibility
   c. Proper authorization
   d. Imprest system

14. In reimbursing the petty cash fund, which of the following is true?
   a. Cash is debited
   b. Petty cash is debited
   c. Petty cash is credited
   d. Expense accounts are debited

15. A cash over and short account
   a. Is not generally accepted
   b. Is debited when the petty cash fund proves out over
   c. Is debited when the petty cash fund proves out short
   d. Is a contra account to cash

16. The following statements pertain to accounting for petty cash fund. Which statement is false?
   a. Each disbursement from petty cash should be supported by a petty cash voucher
   b. The creation of a petty cash fund requires a journal entry to reflect the transfer of fund out of the general cash account
   c. At any time, the sum of cash in the petty cash fund and the total of petty cash vouchers should equal the amount for which the imprest petty cash fund was established
   d. With the establishment of an imprest petty cash fund, one person is given the authority and responsibility for issuing checks to cover minor disbursements

17. The following statements pertain to the cash short or over account. Which statement is true?
   a. It would be impossible to have cash shortage or overage if employees were paid in cash rather than by check
   b. The entry to account for daily cash sales for which a small amount of cash shortage existed would include a debit to cash short or over account
   c. If the cash short or over account has a debit balance at the end of the period it must be debited to an expense account
   d. A credit balance in a cash short or over account should be considered a liability because the short changed customer will demand return of this amount

18. A bank reconciliation is
   a. A formal financial statement that lists all of the bank account balances of an enterprise
   b. A merger of two banks that previously where competitors
   c. A statement send by the bank to depositor on a monthly basis
19. Which of the following items must be added to the cash balance per ledger in preparing a bank reconciliation which ends with the adjusted cash balance?
   a. Note receivable collected by bank in favor of the depositor and credited to the account of the depositor
   b. NSF customer check
   c. Service charge
   d. Erroneous bank debit

20. Which of the following must be deducted from the bank statement balance in preparing a bank reconciliation which ends with adjusted cash balance?
   a. Deposit in transit
   b. Outstanding check
   c. Reduction of loan charged to the account of the depositor
   d. Certified check

21. If the balance shown on a company’s bank statement is less than the correct cash balance and neither the company nor the bank has made any errors, there must be
   a. Deposits credited by the bank but not yet recorded by the company
   b. Outstanding checks
   c. Deposits in transit
   d. Bank charges not yet recorded by the company

22. If the cash balance shown on a company's accounting records is less than the correct cash balance and neither the company nor the bank has made any errors, there must be
   a. Deposits credited by the bank but not yet recorded by the company
   b. Outstanding checks
   c. Deposits in transit
   d. Bank charges not yet recorded by the company

23. Which will not require an adjusting entry on the depositor's books?
   a. NSF check from customer
   b. Check in payment of account payable amounting to P50,000 is recorded by the depositor as P5,000
   c. Deposit of another entity credited to the account of the depositor
   d. Bank service charge

24. Which statement is true?
   a. Bank service charge will cause the cash balance per ledger to be higher than that reported by the bank, all other things being equal
   b. Outstanding checks will cause the cash balance per ledger to be greater than the balance reported by the bank, all other things being equal
   c. An error made by the bank by charging an amount to the depositor’s account requires a correcting entry in the depositor’s own records
   d. The cash amount shown in the balance sheet must be the balance reported in the bank statement

25. A proof of cash
   a. Is a physical count of currencies on hand on balance sheet date
   b. Is a formal statement showing that total cash receipts during the year
   c. Is a four-column bank reconciliation showing reconciliation of cash balances per book and per bank at the beginning and end of the current month and reconciliation of cash receipts and cash disbursements of the bank and the depositor during the current month
   d. Is a summary of cash receipts and cash payments

26. The following statements relate to cash. Which statement is true?
   a. The term cash equivalent refers to demand credit instruments such as money order and bank drafts
   b. The purpose of establishing a petty cash fund is to keep enough cash on hand to cover all normal operating expenses for a period of time
   c. Classification of a restricted cash balance as current or noncurrent should parallel the classification of the related obligation for which cash was restricted
d. Compensating balance required by a bank should always be excluded from cash and cash equivalents

27. Which is not considered as a cash equivalent?
   a. A three-year treasury note maturing on May 30 of the current year purchased by the entity on April 15 of the current year
   b. A three-year treasury note maturing on May 30 of the current year purchased by the entity on January 15 of the current year
   c. A 90-day T-bill
   d. A 6-day money market placement

28. As of December 31 of the current year, an entity had various checks and papers in its safe. Which item should not be in its cash account in the current year-end balance sheet?
   a. US$ 20,000 cash
   b. Past due promissory note issued in favor of the entity by its President
   c. Another entity’s P150,000 check payable to the entity dated December 15 of the current year
   d. The entity’s undelivered check payable to a supplier dated December 31 of the current year

29. Which item should be excluded from cash and cash equivalent on the current year-end balance sheet of an entity?
   a. The minimum cash balance in the entity’s current account which is maintained to avoid service charges
   b. A check issued by the entity on December 27 of the current year but dated January 15 of next year
   c. Time deposit which matures in one year
   d. A customer’s check denominated in a foreign currency

30. At December 31 of the current year, an entity had cash accounts at three different banks. One account balance is segregated solely for payment into a bond sinking fund. A second account, used for branch operations, is overdrawn. The third account, used for regular corporate operations, has a positive balance. How should these accounts be reported in the December 31 classified balance sheet?
   a. The segregated account should be reported as a non-current asset, the regular account should be reported as a current asset, and the overdraft should be reported as a current liability
   b. The segregated and regular accounts should be reported as current assets, and the overdraft should be reported as a current liability
   c. The segregated account should be reported as a non-current asset and the regular account should be reported as a current asset net of the overdraft
   d. The segregated and regular accounts should be reported as current assets net of the overdraft

PROBLEMS

1. San Miguel Corporation provided the following data on December 31, 2014:
   Checkbook balance……………………………………………………………… P 4,000,000
   Bank statement balance………………………………………………………….. 5,000,000
   Check drawn on San Miguel’s account, payable to supplier, dated and recorded on December 31, 2015 but not mailed until until January 2016……………………………………………………… 500,000
   Cash in sinking fund…………………………………………………………….. 2,000,000

   On December 31, 2015, what amount of cash should be reported as cash under current assets?
   a. P 4,500,000
   b. P 5,500,000
   c. P 3,500,000
   d. P 6,500,000

2. On December 31, 2015, DALTA Inc. reported cash accounts with the following details:
   Undeposited collections………………………………………………………… P 60,000
   Cash in bank – PCIB checking account…………………………………….. 500,000
   Cash in bank – PNB (overdraft)……………………………………………… (50,000)
   Undeposited NSF check received from customer dated 12/01/14………… 15,000
   Undeposited customer check, dated 01/15/25……………………………….. 25,000
   Cash in bank – PCIB (fund for payroll)……………………………………….. 150,000
On December 31, 2014, what total amount should be reported as cash and cash equivalents?

a. P 2,660,000  
b. P 2,810,000  
c. P 2,770,000  
d. P 810,000

3. SMART Telecoms had the following balances on December 31, 2014:

Cash in bank………………………………………………………………………….. P 2,250,000
Cash on hand………………………………………………………………………… P 125,000
Cash restricted for plant addition………………………………………………….. P 1,600,000

5. Cash in bank included P600,000 of compensating balances against short-term borrowing agreement. The compensating balance is not legally restricted as to withdrawal. On December 31, 2015, what total cash should be reported under current assets?

a. P 1,775,000  
b. P 2,250,000  
c. P 2,375,000  
d. P 3,975,000
6. Petron Tri-Activ had the following account balances on December 31, 2015:

7. Cash in bank…………………………………………………………………….. P 2,250,000

8. Cash on hand……………………………………………………………………. 125,000

9. Cash restricted for plant acquisition
10. (to be disbursed in 2016).………………………………………….. 1,600,000

11. Cash in bank included P600,000 of compensating balance against long-term borrowing. The compensating balance is not legally restricted as to withdrawal. On December 31, 2015, what is the total cash to be reported under current assets?
   a. P 1,775,000
   b. P 2,250,000
   c. P 2,375,000
   d. P 3,950,000

12. F2 Logistic Cargo reported that the cash had a balance on December 31, 2015 of P 4,415,000 which consisted of the following:

13. Petty cash fund……………………………………………………………….. P 24,000
    Undeposited receipts including PDC for P70,000................................. 1,220,000
    Cash in PNB, per bank statement, with P40,000 outstanding checks...... 2,245,000
    Bonds in sinking fund………………………………………………………… 850,000
    Vouchers paid out of collection, not yet recorded.............................. 43,000
    IOUs signed by employees…………………………………………………… 33,000

14. What amount of cash should be reported as cash on December 31, 2015?
   a. P 3,379,000
   b. P 3,419,000
   c. P 3,489,000
   d. P 3,449,000

15. Apple Co. provided the following information with respect to the cash and cash equivalents on December 31, 2015:

16. Checking account at first bank………………………………………………… P (200,000)
17. Checking account at second bank…………………………………………….. 3,500,000
18. Treasury bonds………………………………………………………………….. 1,000,000
19. Payroll account……………………………………………………………………. 500,000
20. VAT account………………………………………………………………………. 400,000
21. Foreign bank account – in peso (unrestricted)……………………………… 2,000,000
22. Postage stamps………………………………………………………………….. 50,000
23. Employee’s postdated check…………………………………………………. 300,000
24. IOU from president…………………………………………………………….. 750,000
25. Credit memo from a vendor for purchase returns…………………………. 80,000
26. Travelers check………………………………………………………………… 300,000
27. NSF check………………………………………………………………………. 150,000
28. Petty cash fund (P20,000 cash & P30,000 vouchers)……………………… 50,000
29. Money order………………………………………………………………………. 180,000

30. What amount should be reported as unrestricted cash on December 31, 2015?
   a. P5,900,000
   b. P4,600,000
   c. P4,900,000
   d. P6,900,000

31. Nike reported petty cash fund with the following details:

32. Currencies……………………………………………………………………… P 20,000
33. Coins…………………………………………………………………………….. 2,000
34. Petty cash vouchers
35. Gasoline payment for delivery of equipment…………………………… 3,000
36. Medical supplies for employees……………………………………….. 1,000
37. Repairs of office equipment……………………………..………………… 1,500
38. Loans to employees…………………………………………………3,500
39. Check drawn by the entity payable to the order of Grace de la Cruz, the petty cash custodian, representing her salary…………………15,000
40. NSF employee check…………………………………………………………3,000
41. A sheet of paper with names of several employees together
42. With contribution for a birthday gift of a co-employee………………5,000

44. The petty cash general ledger account has an imprest balance of P50,000. What is the amount of petty cash fund that should be reported in the Statement of Financial Position?
   a. P 27,000
   b. P 37,000
   c. P 22,000
   d. P 42,000

45. On December 31, 2015, Cignal HD had the following cash balances:
46. Cash in bank…………………………………………………………………… P 1,800,000
47. Petty cash fund (all funds were reimbursed on 12/31/15)…………………50,000
48. Time deposit (due February 1, 2016)………………………………………… 250,000

49. Cash in bank included P600,000 of compensating balance against short-term borrowing arrangement on 12/31/15. The compensating balance is legally restricted as to withdrawal. On December 31, 2015, what is the amount that is to be reported as cash and cash equivalents?
   a. P 2,100,000
   b. P 1,950,000
   c. P 1,500,000
   d. P 1,250,000

50. New San Jose Builders Inc. reported petty cash fund which comprised the following:
51. Coins and currencies……………………………………………………… P 3,300
52. Paid vouchers
53. Transportation……………………………………………………………600
54. Gasoline………………………………………………………………..400
55. Office supplies…………………………………………………………500
56. Postage stamps…………………………………………………………300
57. Due from employees……………………………………………………1,200
     3,000
58. NSF managers check……………………………………………………1,000
59. Checks drawn by the order of the custodian……………………………2,700

60. What is the correct amount of petty cash fund for financial statement presentation purposes?
   a. P 10,000
   b. P 7,000
   c. P 6,000
   d. P 9,000

61. Megaworld Co. established a P3000 petty cash fund. You found the following items in the fund:
62. Cash & Currency……………………………………………………………..P 1683.80
   Expense Vouchers……………………………………………………………829.80
   Advances to employees……………………………………………………..200.00
   IOU from employees………………………………………………………..300.00

63. In the entry to replenish the fund, what amount should be debited to the cash short or over account?
   a. P 13.60
   b. P 300.00
   c. P 500.00
   d. P 0

64. Stark Industry's accountant is preparing its October bank reconciliation and has collected the following data:
65. Per Books
   Per Bank
66. Oct. 1 balance…………………………………………………………….. P11600
     P10,000
Oct. deposits…………………………………………………… 24,600 21,200
Oct. checks…………………………………………………… 27,800 29,000
Note Collected (plus 10% interest)…………………………. 0 4,400
Oct. service charge…………………………………………… 0 20
Oct. 31 balance……………………………….………………. 8,400 6,580

67. Additionally, deposits in transit and outstanding checks from September reconciliation were P4,400 and P2,800, respectively.

68. The correct cash balance at October 31 should be:
   a. P10,960
   b. P12,780
   c. P11,180
   d. P 3,980

69. Fédération Internationale de Volleyball provided the following information in preparing the August 31, 2015 bank reconciliation:
   70. Balance per bank statement................................................. P 1,805,000
   71. Deposit in transit................................................................. 325,000
   72. NSF customer check.......................................................... 60,000
   73. Outstanding checks.......................................................... 275,000
   74. Bank service charge for August......................................... 10,000
   75. On August 31, 2015, how much is the adjusted cash balance?
      a. P 1,855,000
      b. P 1,795,000
      c. P 1,785,000
      d. P 1,755,000

76. FIBA prepared the following bank reconciliation on December 31, 2015:
   77. Balance per bank statement................................................. P 2,800,000
   78. Add: Deposit in transit....................................................... 195,000
   79. Checkbook printing charge.............................................. 5,000
   80. Error made in recording check no. 45 last December............. 35,000
   81. NSF check................................................................. 110,000
   82. Less: Outstanding checks................................................. 100,000
   83. Note collected by bank.................................................. 215,000
   84. Balance per book............................................................ P 2,830,000
   85. The entity had P200,000 cash on hand on 12/31/15. How much should be reported as cash in the statement of financial position?
      a. P 2,930,000
      b. P 3,095,000
      c. P 2,895,000
      d. P 3,130,000

86. When a company's bookkeeper started to prepare the monthly bank reconciliation, the cash account showed a balance of P528,600. At the end of the month, the following information was available from the company records and the monthly bank statement:
   88. Customers NSF check listed in the bank statement......................... P 40,800
   89. Bank service charge.......................................................... 2,400
   90. Outstanding check.......................................................... 178,000
   91. Deposit of 45,000 was erroneously credited in the bank statement as................. 54,000
   92. Company wrote 1,700 but recorded it as........................................ 7,100
   93. Customer default on account............................................... 12,600
   94. The correct cash balance should be:
      a. P 572,400
95. Samsung Inc. uses four-column bank reconciliation. The bank reconciliation for March shows outstanding checks for P300. During April, the company wrote check totaling P23,600. The bank statement for April shows P23,010 of checks clearing the company’s account. The amount of outstanding checks on April bank reconciliation must be:
   a. P 890
   b. P 600
   c. P 300
   d. P 1,200

96. Nitendo Co. reported a balance of P14,300 in its cash account at the end of the month. There were P12,000 deposits in transit and P11,500 of checks outstanding. The bank statement showed a balance of P15,000. Service charge of P600, and the collection of a note plus interest. The note had a face value of P1500. How much interest did the company collect?
   a. P 1,800
   b. P 300
   c. P 2,400
   d. P 1,200

97. Sony uses four-column bank reconciliation. The bank statement for May shows payments of P13,150, including service charge of P200. At the beginning of May, there were P900 of checks outstanding. At the end of May, there were P1,200 of checks outstanding. Before recording the bank service charge, Sony must have recorded May payments of:
   a. P13,250
   b. P12,650
   c. P13,050
   d. P13,650

98. A company received its monthly bank statement, which showed an ending balance of P150,000. Adjustment on the bank reconciliation included a deposit in transit of P20,000; outstanding checks of P30,000; NSF check of P5,000; bank service charge of P300; proceeds of a note collected by the bank of P40,000. What was the correct cash balance to be shown in the statement of financial position?
   a. P134,700
   b. P105,300
   c. P140,000
   d. P174,700

99. Using the same information in no. 18, how much is the unadjusted cash balance per books?
   a. P134,700
   b. P105,300
   c. P140,000
   d. P174,700

100. GIC Enterprise’s cash account had a balance of P96,200 on August 31. This included a bank deposit of P8,700 that was in transit on the 31st. The August 31 bank statement contained the following information:
         P 1,600
    102. Bank service charge.............. 1,700 Collection of note...................
         8,600

103. GIC also had an outstanding check of P16,100. What is GIC’s reconciled balance?
   a. P92,900
   b. P96,200
   c. P104,700
   d. P101,500