Journalizing Cash Transactions

Cash Transaction 1: Check Deposit for Fees Earned

This one's easy ... deposit a customer's check for fees earned, \$1,000. T1. [Debit Cash; Credit Fees Earned]

Date	Account Title	Doc. No	Post. Ref.	Debit				Credit				

<u>Cash Transaction 2: Reversing a Dishonored Check from a Customer</u>

The customer check you deposited in #1 above "bounced" due to insufficient funds in the customer's bank. Reverse the cash deposit and add the amount to accounts receivable. M1. [Debit AR; Credit Cash]

Date	Account Title	Doc. No	Post. Ref.	Debit			Credit				

Cash Transaction 3: Recording a Bank Fee

The bank charges you a \$15 fee on your account. M2. [Debit Miscellaneous Expense; Credit Cash]

Date	Account Title	Doc. No	Post. Ref.	Debit			Cre	Credit				

Cash Transaction 4: Establish a Petty Cash Account

A petty cash account is used for small cash expenses (like buying stamps or coffee). You set this account up by transferring money from the regular cash account to a petty cash account. Let's say your business wants to set up a \$100 Petty Cash account. C1. [Debit Petty Cash; Credit Cash]

Date	Account Title	Doc. No	Post. Ref.	Debit			Credit				

Cash Transaction 5: Replenishing Petty Cash

As petty cash is used to make miscellaneous purchases, receipts (called "petty cash slips") are filled out and placed in the petty cash box. When you need to put more money into petty cash, it's called replenishing petty cash. Let's say you used \$60 of petty cash for miscellaneous expenses and want to replenish the account to keep it at the original balance. C2. [Debit Miscellaneous Expense; Credit Cash]

Date	Account Title	Doc. No	Post. Ref.	Debit			Cr	Credit				