

## B-06.05

Biscay Bay Boats 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 \$500 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 \$127, and receipts for \$65 postage, \$123 office supplies, and \$180 gasoline for company vehicles. Herman is not sure why the fund is short \$5. A check payable to cash in the amount of \$373 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 \$35, and receipts for \$265 postage, \$160 office supplies, and \$40 gasoline for company vehicles. A check payable to cash in the amount of \$715 was prepared, and the funds were placed into the box. This amount reimburses the fund and increases its balance to \$750.