**Cash Exercise Answer Key**

**a.** Check answer key packet for appropriate tie out of cash work papers.

**b.** Identification of procedures:

A. Balance per bank

4 - Confirm directly with the bank

8 - Vouch items from the bank reconciliation to the cutoff bank statement

B. Deposits in transit: procedures 1, 7 and 8

1 - Trace to cash receipts journal

7 - Inspect supporting documents for reconciling items that do not appear on the cutoff bank statement

8 - Vouch items from the bank reconciliation to the cutoff bank statement

C. Outstanding checks:

2 - Trace to cash disbursements journal

6 - Ascertain reason for unusual delay, if any

7 - Inspect supporting documents for reconciling items that do not appear on the cutoff bank statement

9 - Trace items from the cutoff bank statement to the bank reconciliation

D. Balance per books: procedure 3 and 5

3 - Compare to the December 31, 2012 general ledger

5 - Check for mathematical accuracy

**c.** The total of outstanding checks is $13,480, not $9,926. The amount of outstanding checks has been under-stated in order to make it appear as though the Company has more cash. Therefore, the amount of cash appearing in the general ledger is over-stated by $3,554, however no adjustment to the trial balance is necessary as this adjustment is below the materiality threshold.

**d.** A. Existence

B. Existence, Cut-Off

C. Completeness, Cut-Off

D. Accuracy