

Lesson 117

Introduction

Why do people use checks and checking accounts? Why don't they simply pay cash for all business transactions?

- (1) *Convenience.* Large amounts of cash are bulky to carry. A checkbook takes up much less room.
- (2) *Safety.* If cash is lost or stolen, it is difficult to retrieve or identify. If checks are lost or stolen, it is simple to stop payment with little loss other than the bank fees involved. It is much safer to send checks through the mail than to send cash.
- (3) *Transaction record.* After each check is processed by the bank, either the check itself or a copy is returned to the account holder. This establishes positive proof of payment, and it also provides a record that is useful in preparing financial statements and tax returns.

Teaching Guide

1. **With a checking account, funds are deposited in a bank to be withdrawn by the use of checks.** The checking account is one of the most commonly used services that banks offer.
2. **Deposit tickets are used to deposit money into a checking account.** Discuss the three points relating to the sample deposit ticket in the lesson.

Complete several deposit tickets in class, using the information below and in *Class Practice*. Stress that neatness and accuracy are critical in filling out business forms.

Nevin Weaver made the following deposit on September 9 to his checking account. He received \$130.00 cash and deposited the rest.

Currency	\$125.00
Coins	8.96
Check 17-741	235.23
Check 61-963	315.16
Check 49-741	299.95

(Subtotal: \$984.30; total deposit: \$854.30)

Note: In this lesson and several others, some exercises involve forms related to checking and savings accounts. These forms are included with the quiz sheets for this chapter. You may make extra copies of the forms as needed.

Solutions for CLASS PRACTICE b and c

b. $\$182.00 + \$312.41 + \$202.01 = \696.42 subtotal; $\$696.42 - \611.42

c. $\$2,034.82 + \$125.00 = \$2,159.82$ subtotal; $\$2,159.82 - (\$965.72 + \$154.35 + \$439.78)$