

The following information was available to reconcile ABC Company's book cash balance with its bank statement balance as of December 31.

- a) The December 31 cash balance according to the Bank Statement was \$8,893 and according to the General Ledger account was \$6,286
- b) Cheque # 101 for \$450.25 and Cheque # 108 for \$300.25, both written in December, were not among the cancelled cheques. Cheque # 91 for \$285.50 from the November Bank Reconciliation still had not cleared the bank.
- c) It was found that Cheque # 97 for \$965.00 for store supplies was incorrectly entered in the accounting records as though it were for \$956.00.
- d) A credit memo indicated that the bank had collected a \$4,000 note receivable for the company, deducted a \$20.00 fee, and deposited the balance in the company's account.
- e) A debit memo for \$350.00 was an NSF cheque for \$335.00 that had been received from a customer, John Doe, in payment of his account plus a \$15.00 fee for processing.
- f) A second debit memo was a service charge for \$50.00
- g) The December 31 cash receipts, \$2,000, had been placed in the bank's night deposit after banking hours on that date and did not appear on the bank statement.

Required:

- 1. Prepare a bank reconciliation for the company as of December 31.
- 2. Prepare the General Journal entries necessary to bring the company's book balance of cash into conformity with the reconciled balance.

**ABC Company
Bank Reconciliation
December 31**

Bank Statement Balance			Book Balance		
Add:			Add:		
Subtotal			Subtotal		
Deduct:			Deduct:		
Reconciled Balance			Reconciled Balance		

GENERAL JOURNAL

DATE	ACCOUNT	DEBIT	CREDIT
	Explain:		
	Explain:		

ABC Company
Bank Reconciliation
December 31

Bank Statement Balance		8,893	Book Balance		6,286
Add:			Add:		
Dec 31 Deposit		2,000	Proceeds from Note		4,000
Subtotal		10,893	Subtotal		10,286
Deduct:			Deduct:		
Cheque # 101	450.25		Chq 97-Store Supplies	9	
Cheque # 108	300.25		Collection Fee	20	
Cheque # 104	285.50	1,036	A/R – John Doe	350	
			Bank Charge	50	429
Reconciled Balance		9,857	Reconciled Balance		9,857

GENERAL JOURNAL

	ACCOUNT	DEBIT	CREDIT
Dec 31	Bank	4,000	
	Note Receivable		4,000
	Explain: Record collection of note		
Dec 31	Store Supplies	9	
	Accounts Receivable – John Doe	350	
	Bank Charges (20 + 50)	70	
	Bank		429
	Explain: Record charges to bank account		