

Name: _____ Date: _____

1. Using the following information, prepare a bank reconciliation for Gouge Company for July 31, 2007.
 - a. The bank statement balance is \$3,506.
 - b. The cash account balance is \$3,630
 - c. Outstanding checks totaled \$1,085.
 - d. Deposits in transit are \$1,170.
 - e. The bank service charge is \$30.
 - f. A check for \$98 for supplies was recorded as \$89 in the ledger.

2. Using the following information, prepare a bank reconciliation for Nemoy Company for May 31, 2007.
 - a. The bank statement balance is \$8,300.
 - b. The cash account balance is \$6,862
 - c. Outstanding checks totaled \$1,650.
 - d. Deposits in transit are \$600.
 - e. The bank service charge is \$12.
 - f. Collection of note by bank, \$400.

3. Using the following information, prepare a bank reconciliation for Boxwood Company for June 30, 2007.
 - a. The bank statement balance is \$7,650.
 - b. The cash account balance is \$5,922
 - c. Outstanding checks totaled \$1,450.
 - d. Deposits in transit are \$400.
 - e. The bank service charge is \$22.
 - f. Collection of note by bank, \$700.

4. The Portland Boat Company's bank statement for the month of November showed a balance per bank of \$7,000. The company's Cash account in the general ledger had a balance of \$5,659 at November 30. Other information is as follows:
- (1) Cash receipts for November 30 recorded on the company's books were \$5,200 but this amount does not appear on the bank statement.
 - (2) The bank statement shows a debit memorandum for \$40 for check printing charges.
 - (3) Check No. 119 payable to Lynch Company was recorded in the cash payments journal and cleared the bank for \$248. A review of the accounts payable subsidiary ledger shows a \$36 credit balance in the account of Lynch Company and that the payment to them should have been for \$284.
 - (4) The total amount of checks still outstanding at November 30 amounted to \$5,800.
 - (5) Check No. 138 was correctly written and paid by the bank for \$409. The cash payment journal reflects an entry for Check No. 138 as a debit to Accounts Payable and a credit to Cash in Bank for \$490.
 - (6) The bank returned an NSF check from a customer for \$560.
 - (7) The bank included a credit memorandum for \$1,260 which represents collection of a customer's note by the bank for the company; principal amount of the note was \$1,200 and interest was \$60. Interest has not been accrued.

Instructions

- (a) Prepare a bank reconciliation for the Portland Boat Company at November 30.
 - (b) Prepare any adjusting entries necessary as a result of the bank reconciliation.
5. The bank statement for Bales Company indicates a balance of \$1,730 on June 30. The cash balance per books had a balance of \$799 on this date. The following information pertains to the bank transactions for the company.
1. Deposit of \$160, representing cash receipts of June 30, did not appear on the bank statement.
 2. Outstanding checks totaled \$340.
 3. Bank service charges for June amounted to \$25
 4. The bank collected a note receivable for the company for \$800 plus \$56 interest revenue.
 5. A NSF check for \$80 from a customer was returned with the statement.

Instructions

- a. Prepare a bank reconciliation for June 30.
- b. Prepare any adjusting entries necessary as a result of the bank reconciliation.

Answer Key

1. (10 min.)

Gouge Company
Bank Reconciliation
July 31, 2007

Cash balance per bank		\$ 3,506
Add: (d) Deposit in transit		<u>1,170</u>
		4,676
Less: (c) Outstanding checks		<u>1,085</u>
Adjusted cash balance per books		<u><u>\$ 3,591</u></u>
Cash balance per books		\$ 3,630
Less: (f) Check for supplies error	\$ 9	
(e) Bank service charge	<u>30</u>	<u>39</u>
Adjusted cash balance per books		<u><u>\$ 3,591</u></u>

2. (10 min.)

Nemoy Company
Bank Reconciliation
May 31, 2007

Cash balance per bank		\$ 8,300
Add: (d) Deposit in transit		<u>600</u>
		8,900
Less: (c) Outstanding checks		<u>1,650</u>
Adjusted cash balance per books		<u><u>\$ 7,250</u></u>
Cash balance per books		\$ 6,862
Add: (f) Collection of a note		<u>400</u>
		7,262
Less: (e) Bank service charge		<u>12</u>
Adjusted cash balance per books		<u><u>\$ 7,250</u></u>

3. (10 min.)

Boxwood Company
Bank Reconciliation
June 30, 2007

Cash balance per bank	\$ 7,650
Add: (d) Deposit in transit	<u>400</u>
	8,050
Less: (c) Outstanding checks	<u>1,450</u>
Adjusted cash balance per books	<u>\$ 6,600</u>
Cash balance per books	\$ 5,922
Add: (f) Collection of a note	<u>700</u>
	6,622
Less: (e) Bank service charge	<u>22</u>
Adjusted cash balance per books	<u>\$ 6,600</u>

4. (25 min.)

(a)

PORTLAND BOAT COMPANY
Bank Reconciliation
November 30

Cash balance per bank		\$ 7,000
Add: (1) Deposit in transit		<u>5,200</u>
		12,200
Less: (4) Outstanding checks		<u>5,800</u>
Adjusted cash balance per books		<u>\$ 6,400</u>
Cash balance per books		\$ 5,659
Add: (5) Accounts Payable Error	\$ 81	
(7) Collect \$1,200 note and interest \$60	<u>1,260</u>	<u>1,341</u>
		7,000
Less: (2) Check printing	40	
(6) NSF Check	<u>560</u>	<u>600</u>
Adjusted cash balance per books		<u>\$ 6,400</u>

Note: Item (3) is not a reconciling item.

(b)

Nov.	30	Cash	81	
		Accounts Payable		81
		(To correct error in recording Check No. 138)		
	30	Cash	1,260	
		Notes Receivable		1,200
		Interest Revenue		60
		(To record collection of note receivable and interest by the bank)		
	30	Miscellaneous Expense	40	
		Cash		40
		(To record check printing charges)		
	30	Accounts Receivable	560	
		Cash		560
		(To record NSF check)		

5. (25 min.)

(a)

BALES COMPANY
Bank Reconciliation
June 30

Cash balance per bank		\$ 1,730
Add: (1) Deposit in transit		<u>160</u>
		1,890
Less: (2) Outstanding checks		<u>340</u>
Adjusted cash balance per books		<u><u>\$ 1,550</u></u>
Cash balance per books		\$ 799
Add: (4) \$800 Note collected by bank plus interest of \$56		<u>856</u>
		1,655
Less: (3) Bank service charge	\$ 25	
(5) NSF Check	<u>80</u>	<u>105</u>
Adjusted cash balance per books		<u><u>\$ 1,550</u></u>

(b)

June	30	Cash	856	
			Notes Receivable		800
			Interest Revenue		56
			(To record collection of note receivable and interest by the bank)		
		30	Accounts Receivable	80	
			Cash		80
			(To record NSF check)		
		30	Bank Service Charge	25	
			Cash		25