

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 \$11,670 and according to the General Ledger account was \$7,981
- b) Cheque # 124 for \$300 and Cheque # 127 for \$150, both written in December, were not among the cancelled cheques. Cheque # 104 for \$600 from the November Bank Reconciliation still had not cleared the bank.
- c) It was found that Cheque # 120 for \$732 for store supplies was incorrectly entered in the accounting records as though it were for \$723.
- d) A credit memo indicated that the bank had collected a \$6,000 note receivable for the company, deducted a \$25 fee, and deposited the balance in the company's account.
- e) A debit memo for \$255 was an NSF cheque for \$245 that had been received from a customer, John Doe, in payment of his account plus a \$10 fee for processing.
- f) A second debit memo was a service charge for \$72
- g) The December 31 cash receipts, \$3,000, 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		11,670	Book Balance		7,981
Add:			Add:		
Dec 31 Deposit		3,000	Proceeds from Note		6,000
Subtotal		14,670	Subtotal		13,981
Deduct:			Deduct:		
Cheque # 124	300		Chq 120-Store Supplies	9	
Cheque # 127	150		Collection Fee	25	
Cheque # 104	600	1,050	A/R – John Doe	255	
			Bank Charge	72	361
Reconciled Balance		13,620	Reconciled Balance		13,620

**GENERAL JOURNAL**

	ACCOUNT	DEBIT	CREDIT
Dec 31	Bank	6,000	
	Note Receivable		6,000
	Explain: Record collection of note		
Dec 31	Store Supplies	9	
	Accounts Receivable – John Doe	255	
	Bank Charges (25 + 72)	97	
	Bank		361
	Explain: Record charges to bank account		