

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 \$21,760 and according to the General Ledger account was \$16,540
- b) Cheque # 169 for \$1,739 and Cheque # 174 for \$1,894, both written in December, were not among the cancelled cheques. Cheque # 150 for \$1,232 from the November Bank Reconciliation still had not cleared the bank.
- c) It was found that Cheque # 170 for \$1,634 for store supplies was incorrectly entered in the accounting records as though it were for \$1,463
- d) A credit memo indicated that the bank had collected a \$4,500.00 note receivable for the company, deducted a \$77.00 fee, and deposited the balance in the company's account.
- e) A debit memo for \$489.00 was an NSF cheque for \$459.00 that had been received from a customer, John Doe, in payment of his account plus a \$30.00 fee for processing.
- f) A second debit memo was a service charge for \$63.00
- g) The December 31 cash receipts, \$3,345.00, 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		21,760	Book Balance		16,540
Add:			Add:		
Dec 31 Deposit		3,345	Proceeds from Note		4,500
Subtotal		25,105	Subtotal		21,040
Deduct:			Deduct:		
Cheque # 169	1,739		Chq 170-Store Supplies	171	
Cheque # 174	1,894		Collection Fee	77	
Cheque # 150	1,232	4,865	A/R – John Doe	489	
			Bank Charge	63	800
Reconciled Balance		20,240	Reconciled Balance		20,240

GENERAL JOURNAL

	ACCOUNT	DEBIT	CREDIT
Dec 31	Bank	4,500	
	Note Receivable		4,500
	Explain: Record collection of note		
Dec 31	Store Supplies	171	
	Accounts Receivable – John Doe	489	
	Bank Charges (77 + 63)	140	
	Bank		800
	Explain: Record charges to bank account		