

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 \$2,564.00 and according to the General Ledger account was \$1,485.00
- b) Cheque # 631 for \$45.00 and Cheque # 645 for \$67.00, both written in December, were not among the cancelled cheques. Cheque # 618 for \$97.00 from the November Bank Reconciliation still had not cleared the bank.
- c) It was found that Cheque # 644 for \$23.00 for store supplies was incorrectly entered in the accounting records as though it were for \$32.00
- d) A credit memo indicated that the bank had collected a \$1,652.00 note receivable for the company, deducted a \$11.00 fee, and deposited the balance in the company's account.
- e) A debit memo for \$110.00 was an NSF cheque for \$100.00 that had been received from a customer, John Doe, in payment of his account plus a \$10.00 fee for processing.
- f) A second debit memo was a service charge for \$25.00
- g) The December 31 cash receipts, \$645.00, 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					
Deduct:			Subtotal		
			Deduct:		
Reconciled Balance			Reconciled Balance		

**GENERAL JOURNAL**

	ACCOUNT	DEBIT	CREDIT
	Explain:		
	Explain:		

**ABC Company  
Bank Reconciliation  
December 31**

Bank Statement Balance		2,564	Book Balance		1,485
Add:			Add:		
Dec 31 Deposit		645	Chq 644-Store Supplies	9	
Subtotal		3,209	Proceeds from Note	1,652	1,661
Deduct:			Subtotal		3,146
Cheque # 631	45		Deduct:		
Cheque # 645	67		A/R – John Doe	110	
Cheque # 618	97	209	Bank Charge	36	146
Reconciled Balance		3,000	Reconciled Balance		3,000

**GENERAL JOURNAL**

	ACCOUNT	DEBIT	CREDIT
Dec 31	Bank	1,661	
	Store Supplies		9
	Note Receivable		1,652
	Explain: Record collection of note		
Dec 31	Accounts Receivable – John Doe	110	
	Bank Charges (25 + 11)	36	
	Bank		146
	Explain: Record charges to bank account		