

Quick Question On Bank Reconciliation

On September 30, 1993, the cash account of the I Owe You Company had a balance of \$13,750, and the most recent bank statement showed a balance of \$18,000. The statement also revealed a deposit of \$1,000 had arrived too late to be included in the statement, and a bank service charge of \$25 in reference to a \$1,500 Note the bank had just collected for the Company. Outstanding checks amounted to \$4,000. An examination of the canceled checks revealed that check 455, written for \$500 to purchase equipment, had been mistakenly recorded for \$475. In addition, there was a bank service charge of \$25 in relation to a \$225 NSF check deposited by I Owe You from Mr. Poor, one of their customers. The bank statement also revealed the account had earned interest of \$50.

Instructions: Complete a Bank Reconciliation and make the necessary Journal Entries.

I Owe You Company Bank Reconciliation September 30, 1993					
Book Balance		\$13,750	Bank Balance		\$18,000
Add:			Add:		
Collected Note	\$1,500		Late Deposit		1,000
Interest Earned	50	1,550			\$19,000
		\$15,300			
Deduct:			Deduct:		
Bank Charges (\$25 + \$25)	50		Outstanding Checks		4,000
Recording Error, Equipment	25				
NSF Ck., Mr. Poor	225	300			
Adjusted Book Balance		<u>\$15,000</u>	Adjusted Bank Balance		<u>\$15,000</u>

DATE		ACCOUNT TITLE AND DESCRIPTION	PR	DEBIT	CREDIT
Sept.	30	Cash		1,550	
		Notes Receivable			1,500
		Interest Earned			50
Sept.	30	Miscellaneous Expense		50	
		Equipment		25	
		Accounts Receivable, Mr. Poor		225	
		Cash			300