**Bank Reconciliation Example 1:**

**The bank statement of X company shows a balance per bank 51,900. On same date the balance of cash per book is $ 45800. After the revision:**

1- The bank collect N/R for $ 7500 instead of the company.

2- NSF check from Ahmad for $ 3500.

3- The bank charge fees for $1500 not recorded by the company.

4- deposit in transit for $4300

5- outstanding check No. 442, $2870: No443, $ 4130.

6- The bank received check from Ali for $2133. However, the accountant by mistake recorded it for $1233.

|  |  |  |  |
| --- | --- | --- | --- |
| Part A | | Part B | |
| Cash balance per bank | 51,900 | Cash balance per book | 45,800 |
| **Add**:  Deposit in transit | 4300 | **Add**:  Collection N/R  Error | 7500  900 |
| **Less**: |  | **Less**: |  |
| Outstanding check  No 442  No 443 | (2870)  (4130) | NSF check | (3500) |
|  |  | Bank service charge | (1500) |
| Adjusted cash bal per bank | 49,200 | Adjusted cash bal. per book | 49,200 |

**Cash 8400**

**N/R 7500**

**A/R 900**

**A/R 3500**

**Bank exp 1500**

**Cash 5000**

**Bank Reconciliation Example 2:**

On 31 May 2022, ABC company had a cash balance per book of $6,781.50. The bank statement on the same date showed a balance of $6,824.60. A comparison with the statement of the cash account revealed the following:

1. The bank statement included a debit memo of $60 for the printing of additional company checks.

2. Cash sales of $836.15 on 12 May were deposited in the bank. The cash receipts journal entry and the deposit slip were incorrectly made for 886.15. The bank credited ABC company **for the correct amount**.

3. Outstanding checks at May 31 totaled $267.25. Deposit in transit were $1,916.15.

4. On 18 May the company issued check No.1181 for $658 to XYZ Company. The check was incorrectly **journalized and posted** by ABC Company for $685.

5. A $3,000 note receivable was collected by the bank for ABC Company on May 31 plus $80 interest. The bank charged a collection fee of $20.

6. Included with the cancelled checks was a check issued by Bridges PLC to Jon Newton for $600 that was incorrectly charged to ABC Company.

7. On May 31, the bank statement showed an NSF charge of $640 for a check issued by Sandy Grifton, a customer, to ABC company on account.

Instruction

1) Prepare the bank reconciliation at May 31, 2022

2) Prepare the necessary adjusting entries for ABC Company at May 31, 2022.

|  |  |  |  |
| --- | --- | --- | --- |
| Part A | | Part B | |
| Cash balance per bank | 6,824.60 | Cash balance per book | 6,781.50 |
| Add |  | Add |  |
| Deposit in transit | 1916.15 | Collection of N/R | 3060 |
| Error (6) | 600 |  |  |
| Less |  | Less |  |
| Outstanding check | (267.25) | Bank service charge (Checks) | (60) |
|  |  | Error deposit | (50) |
|  |  | Error recording | (27) |
|  |  | NSF | (640) |
| Adjusted cash bal per bank | 9064.5 | Adjusted cash bal. per book | 9064.5 |

Add Section

Cash 3060

Bank exp 20

N/R 3000

Interest reve 80

Less:

Bank exp 60

Sales rev 50

A/P 27

A/R 640

Cash 777

All the Best

**Dr. Mohammed Nazzal**