

Chapter 5 Activity: Bank Reconciliation

On December 31, 2023, Company Five has a cash balance in the ledger of \$219,960. However, the bank statement indicates a balance of \$201,870 as of December 31, 2023. Use the following information to (a) reconcile the balance per the books with the balance per the bank and (b) prepared need journal entries on Company Five's books.

Bank Statement for the month ended December 31, 2023.			
	Deposits and other Increases	Checks and other withdrawals	Cash Balance
Balance as of December 1, 2023			\$ 200,500
3-Dec Check #801		\$ (500)	200,000
4-Dec EFT from Customer	\$ 2,000		202,000
6-Dec Check #805		(200)	201,800
8-Dec Deposit	10,000		211,800
15-Dec NSF check from Dec. 8th deposit		(600)	211,200
16-Dec Check #802		(300)	210,900
20-Dec Check #804		(40)	210,860
27-Dec Interest earned on account	30		210,890
30-Dec Bank service charge		(20)	210,870
Balance as of December 31, 2023			\$ 201,870

General Ledger Cash Account Activity		
	Cash	
	Debit	Credit
Balance as of December 1, 2023	\$ 191,460	
1-Dec Check #801		\$ 500
2-Dec Check #802		300
3-Dec Check #803		800
4-Dec Check #804		400
8-Dec Deposit	10,000	
29-Dec Check #805		200
29-Dec Check #806		600
29-Dec Check #807		700
31-Dec Deposit	22,000	
Balance as of December 31, 2023	\$ 219,960	

Additional Information:

- * On December 4th, the bank received an electronic funds transfer from one of Company Five's clients that was making a required principal payment on a note.
- * If you view the image of Check #804, you can see that the check was actually made out for \$40. The check was to pay for office supplies.
- * The bank informed Company Five that on Dec. 15th, a \$600 check from a customer included in the deposit made on Dec. 8th was returned from the customer's bank due to insufficient funds in the customer's account.