

Student: Gary Miles**Assignment:** Chapter Five Homework

Take Details

Assignment score: 100%**Total Time spent:** 31 minutes, 21 seconds**Score for selected take:** 100% (100/100)**Time spent on selected take:**

1.

Your answer:



Entry for Cash Sales; Cash Short

The actual cash received from cash sales was \$41,568, and the amount indicated by the cash register total was \$41,610.

a. What is the amount deposited in the bank for the day's sales?

\$

41568

b. What is the amount recorded for the day's sales?

\$

41610

c. How should the difference be recorded?

The shortage

of \$

42

should be recorded as

Cash Short and Over

d. If a cashier is consistently over or short, what action should be taken?

The cashier should be required to take additional training.

2.

Your answer:



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How

Bank Reconciliation

The following data were accumulated for use in reconciling the bank account of Ross Co. for March 20Y9:

- a. **Cash** balance according to the company's records at March 31, \$29,945.
- b. Cash balance according to the **bank statement** at March 31, \$29,200.
- c. Checks outstanding, \$11,600.
- d. Deposit in transit, not recorded by bank, \$12,400.
- e. A check for \$240 in payment of an account was erroneously recorded by Ross Co. as \$420.
- f. Bank debit memo for service charges, \$125.

Prepare a bank reconciliation, using the format shown in Exhibit 6.

Ross Co.	
Bank Reconciliation	
March 31, 20Y9	
Cash balance according to bank statement	\$ 29200 ✓
Add deposit in transit, not recorded by bank ✓	12400 ✓
	\$ 41600 ✓
Deduct outstanding checks ✓	11600 ✓
Adjusted balance	\$ 30000 ✓
Cash balance according to Ross Co.	\$ 29945 ✓
Add error in recording check as \$420 by the company instead of \$240 ✓	180 ✓
	\$ 30125 ✓
Deduct bank service charge ✓	125 ✓
Adjusted balance	\$ 30000 ✓

3.

Your answer:



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Entries for Bank Reconciliation

The following data were accumulated for use in reconciling the bank account of Ross Co. for March 20Y9:

- Cash balance according to the company's records at March 31, \$29,945.
- Cash balance according to the bank statement at March 31, \$29,200.
- Checks outstanding, \$11,600.
- Deposit in transit, not recorded by bank, \$12,400.
- A check for \$240 in payment of an account was erroneously recorded by Ross Co. as \$420.
- Bank debit memo for service charges, \$125.

Record the effects on the accounts and financial statements of the company based upon the information above. If no account or activity is affected, select "No effect" from the dropdown and leave the corresponding number entry box blank. Enter account decreases and cash outflows as negative amounts.

Error recording the check amount

	<i>Statement of Cash Flows</i>		<i>Balance Sheet</i>				<i>Income Statement</i>
	Assets		=	Liabilities	+	Stockholders' Equity	
	<u>Cash</u>	+ <u>No effect</u>	=	<u>Accounts Payable</u>	+	<u>No effect</u>	
March 31.	<u>180</u>	<u>0</u>	=	<u>180</u>	+	<u>0</u>	
	<i>Statement of Cash Flows</i>					<i>Income Statement</i>	
<u>Operating</u>	<u>180</u>					<u>No effect</u>	<u>0</u>
						<u>No effect</u>	<u>0</u>
						<u>No effect</u>	<u>0</u>

Bank service charge

Statement of Cash Flows		Balance Sheet					Income Statement		
		Assets		=	Liabilities	+	Stockholders' Equity		
		Cash	+ No effect	=	No effect	+	Retained Earnings		
March 31.	<u>-125</u>		<u>0</u>		<u>0</u>			<u>-125</u>	March 31.
Statement of Cash Flows							Income Statement		
<u>Operating</u>	<u>-125</u>						<u>Miscellaneous expense</u>	<u>125</u>	
							<u>No effect</u>	<u>0</u>	
							<u>No effect</u>	<u>0</u>	

4.

Your answer:



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Bank Reconciliation and Entries

The **cash** account for All American Sports Co. on April 1, 20Y5, indicated a balance of \$23,600. During April, the total cash deposited was \$80,150, and checks written totaled \$72,800. The **bank statement** indicated a balance of \$40,360 on April 30, 20Y5. Comparing the bank statement, the canceled checks, and the accompanying memos with the records revealed the following reconciling items:

- Checks outstanding totaled \$14,300.
- A deposit of \$9,275, representing receipts of April 30, had been made too late to appear on the bank statement.
- A check for \$720 had been incorrectly charged by the bank as \$270.
- A check for \$110 returned with the statement had been recorded by All American Sports Co. as \$1,100. The check was for the payment of an obligation to Garber Co. on account.
- The bank had collected for All American Sports Co. \$4,320 on a note left for collection. The face of the note was \$4,000.
- Bank service charges for April amounted to \$75.
- A check for \$1,300 from Bishop Co. was returned by the bank because of insufficient funds.

Instructions:

- Prepare a bank reconciliation as of April 30.

All American Sports Co.		
Bank Reconciliation		
April 30, 20Y5		
Cash balance per bank statement		\$ 40360 ✓
Add deposit of April 30, not recorded by bank ✓		9275 ✓
		\$ 49635 ✓

Deduct: Outstanding checks	\$ -14300	
Deduct: Bank error in charging check as \$270 instead of \$720	<u>-450</u>	<u>14750</u>
Adjusted balance		\$ <u>34885</u>
Cash balance per All American Sports Co.		\$ 30950
Add: Proceeds of note collected by bank, including \$320 interest	\$ 4320	
Add: Error in recording check as \$1,100 by company instead of \$110	<u>990</u>	<u>5310</u>
		\$ 36260
Deduct: Check returned because of insufficient funds	\$ -1300	
Deduct: Bank service charges	<u>-75</u>	<u>1375</u>
Adjusted balance		\$ <u>34885</u>

2. Illustrate the effects on the accounts and financial statements of the bank reconciliation. If no account or activity is affected, select "No effect" from the dropdown and leave the corresponding number entry box blank. Enter account decreases and cash outflows as negative amounts.

Additions to balance per company's records:

Statement of Cash Flows	Balance Sheet			Income Statement
	Assets	=	Liabilities + Stockholders' Equity	
Cash +	=	+		

		<u>Notes Receivable</u>	<u>Accounts Payable</u>	<u>Retained Earnings</u>	
April 30	<u>5310</u>	<u>-4000</u>	<u>990</u>	<u>320</u>	April 30
Statement of Cash Flows			Income Statement		
<u>Operating</u>	<u>5310</u>			<u>Interest revenue</u>	<u>320</u>
				<u>No effect</u>	<u>0</u>
				<u>No effect</u>	<u>0</u>

Deductions from balance per company's records:

Statement of Cash Flows	Balance Sheet				Income Statement
	Assets		= Liabilities +	Stockholders' Equity	
	<u>Cash</u>	<u>Accounts Receivable</u>	= No effect +	<u>Retained Earnings</u>	
April 30	<u>-1375</u>	<u>1300</u>	<u>0</u>	<u>-75</u>	April 30
Statement of Cash Flows			Income Statement		
<u>Operating</u>	<u>-1375</u>			<u>Miscellaneous administrative expense</u>	<u>-75</u>
				<u>No effect</u>	<u>0</u>
				<u>No effect</u>	<u>0</u>