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General Ledger 1/1/2009 to 1/31/2009			
ACCT# 1000 - Cash in Bank			
	DR	CR	BALANCE
Balance January 1, 2009			\$25,000
1/1/2009 #10452 McGraw Hull		(4,520.00)	20,480
1/2/2009 Deposit	12,370.00		32,850
1/4/2009 #10453 Random Hut		(1,460.00)	31,390
1/4/2009 #10454 James Johnson		(125.00)	31,265
1/6/2009 #10455 RSV Distributing		(2,400.00)	28,865
1/8/2009 #10456 Mary Kinard		(300.00)	28,565
1/13/2009 #10458 Dollar Bush		(800.00)	27,765
1/13/2009 Deposit	24,600.00		52,365
1/15/2009 #10459 McGraw Hull		(3,480.00)	48,885
1/20/2009 Deposit	18,750.00		67,635
1/24/2009 #10460 Steve Easton		(1,465.00)	66,170
1/27/2009 #10461 SecondHand Books		(17,400.00)	48,770
1/29/2009 #10462 John Smyth		(105.00)	48,665
1/30/2009 Deposit	14,000.00		62,665
Balance January 31, 2009			\$62,665

BANK OF UTAH STATE UNIVERSITY	
STATEMENT OF ACCOUNT	
FROM 1/1/2009 TO 1/31/2009	
The Best Used Textbook Store - Account # 10054887	
Balance January 1, 2009	\$25,000
Total Checks and other Debits	-9,480
Total Deposits and other Credits	55,723
Monthly Service Charge	14
Balance January 31, 2009	<u>\$71,229</u>
Deposit Detail:	
January 3	\$12,370
January 14	24,600
January 22	18,750
Interest Paid on Balance	3
Total	<u>\$55,723</u>
Checks and other Debits Detail:	
Check # 10452	\$4,520
Check # 10456	300
Check # 10458	800
Check # 10453	1,460
Check # 10455	2,400
Total	<u>\$9,480</u>

Using the information from the company general ledger for the Cash account and the bank statement - prepare a cash reconciliation.

Ending balance per company records	\$ 62,665
Add:	\$ -
Deduct:	\$ -
Correct cash balance	<u>\$ 62,665</u>

Ending balance per bank statement	\$ 71,229
Add:	-
Deduct:	-
Correct cash balance	<u>71,229</u>

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
31-Jan			
	To record adjustments from bank reconciliation		

## B-06.04

Daniel Scott is an audit manager with the accounting firm of Nelson & Riley, CPAs. As part of the routine audit procedures for one of their clients, Daniel instructed Wanda Mullins, a newly hired staff auditor, to obtain a bank statement directly from the client's bank and prepare an independent reconciliation of the Cash account. Wanda did a great job and presented Daniel with the following reconciliation. Daniel has now forwarded this document directly to you, with a request that you prepare proposed adjusting entries that need to be recorded by the client.

<b>Ending balance per bank statement</b>		\$	67,700.98
<b>Add:</b> Deposits in transit			13,444.12
<b>Deduct:</b> Outstanding checks			
#12221	\$	16,887.34	
#12327		8,550.50	
#12329		<u>132.74</u>	<u>(25,570.58)</u>
<b>Correct cash balance</b>			<u><u>\$ 55,574.52</u></u>

<b>Ending balance per company records</b>		\$	52,148.55
<b>Add:</b>			
Payment from customer via ETF*	\$	3,445.99	
Interest earnings		<u>566.88</u>	4,012.87
<b>Deduct:</b>			
Reject customer credit card/charge back		466.90	
Service charges		<u>120.00</u>	<u>(586.90)</u>
<b>Correct cash balance</b>			<u><u>\$ 55,574.52</u></u>

\* This payment has yet to be recorded as revenue by the company.

Biscay Bay Boats established a petty cash fund for minor day-to-day expenses. Following are activities related to this fund. Prepare the necessary journal entries for petty cash.

- (1) Established a \$500 petty cash fund by writing a check to "cash," cashing the check, and placing the proceeds in a petty cash box entrusted to Herman Jones as custodian.
- (2) At the end of the month, the petty cash fund contained remaining cash of \$127, and receipts for \$65 postage, \$123 office supplies, and \$180 gasoline for company vehicles. Herman is not sure why the fund is short \$5. A check payable to cash in the amount of \$373 was prepared, and the funds were placed into the box.
- (3) At the end of the next month, the petty cash fund contained remaining cash of \$35, and receipts for \$265 postage, \$160 office supplies, and \$40 gasoline for company vehicles. A check payable to cash in the amount of \$715 was prepared, and the funds were placed into the box. This amount reimburses the fund and increases its balance to \$750.

Piven Mining Corporation holds significant limestone deposits. One of its key customers, Kuai Oil, produces crude oil from shale deposits. This production process requires limestone, and Piven is seeing a large increase in order flow from Kuai and other shale companies. Piven's management believes Kuai's stock is undervalued, and has decided to invest excess cash in the stock of Kuai Oil. The intent of this investment is for "trading" purposes only. Following are detailed facts about the Kuai investment. You should prepare journal entries to record the investment, and necessary end-of-month adjusting entries to reflect changes for each month.

- May 7 Purchased 500,000 shares of Kuai Oil at \$7 per share.
- May 31 The fair value of Kuai's stock was \$9 per share.
- June 30 The fair value of Kuai's stock was \$5 per share.
- July 15 Received a dividend from Kuai of \$0.10 per share.
- July 31 The fair value of Kuai's stock was \$8 per share.