**Financial Accounting *Homework 7***

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**E 7-9**

***(a) Answer:***

The bank reconciliation on September 30, 2012 should be:

|  |  |  |
| --- | --- | --- |
| **Bank Reconciliation** | | |
| Cash balance per bank statement |  | $16,500 |
| Add: Deposits in transit |  | 4,738 |
|  |  | 21,238 |
| Less: Outstanding checks |  | 2,383 |
| Adjusted cash balance per bank |  | 18,855 |
|  |  |  |
| Cash balance per books |  | 17,600 |
| Add: Collection of N/R and interest  (1800 + 30) | $1,830 |  |
| Interest earned | 45 | 1,875 |
|  |  | 19,475 |
| Less: NSF check | 560 |  |
| Safety deposit box rent | 60 | 620 |
| Adjusted cash balance per books |  | 18,855 |

***(b) Answer:***

We can prepare the adjusting entries on September 30 like:

*Sep. 30* *Dr.* Cash $1,830

*Cr.* Notes Receivable $1,800

Interest Revenue 30

*Sep. 30* *Dr.* Cash $45

*Cr.* Interest Revenue $45

*Sep. 30* *Dr.* Account Receivable $560

*Cr.* Cash $560

*Sep. 30* *Dr.* Miscellaneous Expense $60

*Cr.* Cash $60

**E 7-4 A**

***(a) Answer:***

We can find that 2 errors of Horsman Company are:

1. For cash payments journal, the company writes the payment 1,750.00 of #2479 as 1,705.00. (45)
2. For cash receipts journal, the company writes the deposit 2,945.00 on 11-20 as 2,954.00. (9)

So, the bank reconciliation on November 30, 2012 should be:

|  |  |  |
| --- | --- | --- |
| **Bank Reconciliation** | | |
| Cash balance per bank statement |  | $17,712.50 |
| Add: Deposits in transit (11-30) |  | 1,304.00 |
|  |  | 19,016.50 |
| Less: Outstanding checks |  |  |
| No.2451 | $1,260.40 |  |
| No.2472 | 426,80 |  |
| No.2478 | 538.20 |  |
| No.2482 | 612.00 |  |
| No.2484 | 829.50 |  |
| No.2485 | 974.80 |  |
| No.2487 | 398.00 |  |
| No.2488 | 800.00 |  |
|  |  | 5,839.70 |
| Adjusted cash balance per bank |  | 13,176.80 |
|  |  |  |
| Cash balance per books |  | $11,073.80 |
| Add: Collection of N/R and interest  (2100 + 157 - 15) |  | 2,242.00 |
|  |  | 13,315.80 |
| Less: Service charge | 85.00 |  |
| Error (#2479 payment) | 45.00 |  |
| Error (11-20 receipt) | 9.00 | 139.00 |
| Adjusted cash balance per books |  | 13,176.80 |

***(b) Answer:***

*Nov. 30* *Dr.* Cash $2,242

Miscellaneous Expense $15

*Cr.* Notes Receivable $2,100

Interest Revenue $157

*Nov. 30* *Dr.* Miscellaneous Expense $85

*Cr.* Cash $85

*Nov. 30* *Dr.* Accounts Payable $45

*Cr.* Cash $45

*Nov. 30* *Dr.* Accounts Receivable $9

*Cr.* Cash $9