

## Tutorial questions (P4-2A, P4-3A)

### Problem 4-2A (LO 4-5)

#### Requirement 1

| Oscar's <u>Red Carpet Store</u><br>Bank Reconciliation<br>February 28, 2024 |                  |                                    |                  |
|-----------------------------------------------------------------------------|------------------|------------------------------------|------------------|
| <u>Bank's Cash Balance</u>                                                  |                  | <u>Company's Cash Balance</u>      |                  |
| Per bank statement                                                          | \$ 13,145        | Per general ledger                 | \$ 13,200        |
| Deposits outstanding                                                        | + 1,600          | NSF check                          | – 200            |
| Checks outstanding                                                          | – 2,100          | Company error                      | – 300            |
|                                                                             |                  | EFT for rent                       | –1,100           |
|                                                                             |                  | Debit card for legal fees          | –4,700           |
|                                                                             |                  | Debit card for entertainment       | – 400            |
|                                                                             |                  | Note collected                     | +6,000           |
|                                                                             |                  | Interest on note                   | + 270            |
|                                                                             |                  | Service fees                       | – 125            |
| Bank balance per reconciliation                                             | <u>\$ 12,645</u> | Company balance per reconciliation | <u>\$ 12,645</u> |

#### Requirement 2

|                                                                                                                                                                   | Debit        | Credit       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Cash</b>                                                                                                                                                       | <b>6,270</b> |              |
| <b>Notes Receivable</b>                                                                                                                                           |              | <b>6,000</b> |
| <b>Interest Revenue</b>                                                                                                                                           |              | <b>270</b>   |
| <i>(Record note and interest collected by bank)</i>                                                                                                               |              |              |
| <b>Accounts Receivable</b>                                                                                                                                        | <b>200</b>   |              |
| <b>Advertising Expense</b>                                                                                                                                        | <b>300</b>   |              |
| <b>Rent Expense</b>                                                                                                                                               | <b>1,100</b> |              |
| <b>Legal Fees Expense</b>                                                                                                                                         | <b>4,700</b> |              |
| <b>Entertainment Expense</b>                                                                                                                                      | <b>400</b>   |              |
| <b>Service Fee Expense</b>                                                                                                                                        | <b>125</b>   |              |
| <b>Cash</b>                                                                                                                                                       |              | <b>6,825</b> |
| <i>(Record NSF check from a customer, recording error to advertising, EFT payment for rent, debit card for legal fees, debit card for entertainment, and bank</i> |              |              |

### Problem 4-3A (LO 4-5)

#### Requirement 1

| Diaz Entertainment<br>Bank Reconciliation<br>May 31, 2024 |                |                                       |                |
|-----------------------------------------------------------|----------------|---------------------------------------|----------------|
| <u>Bank's Cash Balance</u>                                |                | <u>Company's Cash Balance</u>         |                |
| Per bank statement                                        | \$6,210        | Per general ledger                    | \$5,100        |
| Deposits outstanding                                      | +3,180         | NSF check                             | – 400          |
| Checks outstanding<br>(#471 and #472)                     | –4,150         | Interest earned                       | + 90           |
| Bank error                                                | + 600          | Note collected                        | +1,100         |
| Bank balance per<br>reconciliation                        | <u>\$5,840</u> | Service fees                          | – 50           |
|                                                           |                | Company balance per<br>reconciliation | <u>\$5,840</u> |

#### Requirement 2

|                                                                         | Debit        | Credit       |
|-------------------------------------------------------------------------|--------------|--------------|
| <b>Cash</b>                                                             | <b>1,190</b> |              |
| <b>Notes Receivable</b>                                                 |              | <b>1,100</b> |
| <b>Interest Revenue</b>                                                 |              | <b>90</b>    |
| <i>(Record note and interest collected by bank and interest earned)</i> |              |              |
| <b>Accounts Receivable</b>                                              | <b>400</b>   |              |
| <b>Service Fee Expense</b>                                              | <b>50</b>    |              |
| <b>Cash</b>                                                             |              | <b>450</b>   |
| <i>(Record NSF check and bank service fee)</i>                          |              |              |

Take-home questions (E4-9, E4-10, E4-11)

**Exercise 4-9** (LO 4-5)

**Requirement 1**

| Spielberg Company<br>Bank Reconciliation<br>July 31, 2024 |                 |                                    |                 |
|-----------------------------------------------------------|-----------------|------------------------------------|-----------------|
| <i>Bank's</i> Cash Balance                                |                 | <i>Company's</i> Cash Balance      |                 |
| Per bank statement                                        | \$22,490        | Per general ledger                 | \$23,220        |
| Deposits outstanding                                      | + 1,885         | Service fees                       | – 55            |
| Checks outstanding                                        | – 1,460         | NSF check from customer            | – 250           |
| Bank balance per reconciliation                           | <u>\$22,915</u> | Company balance per reconciliation | <u>\$22,915</u> |

**Requirement 2**

|                                                              | Debit      | Credit     |
|--------------------------------------------------------------|------------|------------|
| <b>Service Fee Expense</b>                                   | <b>55</b>  |            |
| <b>Account Receivable</b>                                    | <b>250</b> |            |
| <b>Cash</b>                                                  |            | <b>305</b> |
| <i>(Record bank service fee and NSF check from customer)</i> |            |            |

**Exercise 4-10** (LO 4-5)**Requirement 1**

| The Dean Acting Academy<br>Bank Reconciliation |                |                                    |                |
|------------------------------------------------|----------------|------------------------------------|----------------|
| <u>Bank's Cash Balance</u>                     |                | <u>Company's Cash Balance</u>      |                |
| Per bank statement                             | \$2,931        | Per general ledger                 | \$7,944        |
| Deposits outstanding                           | + 3,338        | Debit card for postage             | – 75           |
|                                                |                | EFT for rent                       | -1,500         |
|                                                |                | Corrected supplies                 | - 100          |
| Bank balance per reconciliation                | <u>\$6,269</u> | Company balance per reconciliation | <u>\$6,269</u> |

**Requirement 2**

|                                                                       | <u>Debit</u> | <u>Credit</u> |
|-----------------------------------------------------------------------|--------------|---------------|
| <b>Postage Expense</b>                                                | <b>75</b>    |               |
| <b>Rent Expense</b>                                                   | <b>1,500</b> |               |
| <b>Supplies</b>                                                       | <b>100</b>   |               |
| <b>Cash</b>                                                           |              | <b>1,675</b>  |
| <i>(Record postage expense and rent expense and correct supplies)</i> |              |               |

**Exercise 4-11** (LO 4-5)**Requirement 1**

| Damon Company<br>Bank Reconciliation<br>October 31, 2024 |                 |                                    |                 |
|----------------------------------------------------------|-----------------|------------------------------------|-----------------|
| <u>Bank's Cash Balance</u>                               |                 | <u>Company's Cash Balance</u>      |                 |
| Per bank statement                                       | \$11,727        | Per general ledger                 | \$ 8,397        |
| Deposits outstanding                                     | + 3,025         | Note received                      | +5,000          |
| Checks outstanding                                       | – 1,485         | Interest earned                    | + 320           |
| Bank Error                                               | + 300           | Service fees                       | – 150           |
| Bank balance per reconciliation                          | <u>\$13,567</u> | Company balance per reconciliation | <u>\$13,567</u> |

**Requirement 2**

|                                                     | <u>Debit</u> | <u>Credit</u> |
|-----------------------------------------------------|--------------|---------------|
| <b>Cash</b>                                         | <b>5,320</b> |               |
| <b>Notes Receivable</b>                             |              | <b>5,000</b>  |
| <b>Interest Revenue</b>                             |              | <b>320</b>    |
| <i>(Record note and interest collected by bank)</i> |              |               |
| <b>Service Fee Expense</b>                          | <b>150</b>   |               |
| <b>Cash</b>                                         |              | <b>150</b>    |
| <i>(Record bank service fee)</i>                    |              |               |