



✓ 1. Adjusted  
balance: \$21,470

## P5-2 Bank reconciliation and entries

The cash account for Recreational Systems at March 31, 20Y6, indicated a balance of \$12,435. The bank statement indicated a balance of \$27,150 on March 31, 20Y6. Comparing the bank statement and the accompanying canceled checks and memos with the records reveals the following reconciling items:

- a. Checks outstanding totaled \$9,675.
- b. A deposit of \$4,175, representing receipts of March 31, had been made too late to appear on the bank statement.
- c. The bank had collected \$8,480 on a note left for collection. The face of the note was \$8,000.
- d. A check for \$180 returned with the statement had been incorrectly recorded by Recreational Systems as \$810. The check was for the payment of an obligation to Jones Co. for the purchase of office supplies on account.
- e. A check drawn for \$750 had been incorrectly charged by the bank as \$570.
- f. Bank service charges for March amounted to \$75.

### Instructions

1. Prepare a bank reconciliation.
2. Illustrate the effects on the accounts and financial statements of the bank reconciliation.