II. BANK RECONCILIATION

Instructions: Given the following information, do a bank reconciliation for Linda's Video Showcase and make the Journal Entries necessary to adjust the Cash Account.

RELEVANT DATA

1. The company's Cash account had a $1,800 debit balance while the bank statement revealed a $4,100 balance.

2. Checks No. 9 for $100, No. 30 for $800, and No. 34 for $300 were outstanding.

3. While analyzing the bank statement listing of processed checks, it was discovered that check No. 6 written for $290 to purchase equipment had been recorded at $390.

4. Included was a bank debit memo indicating our account had been charged $195, the amount of a nonsufficient funds check we had deposited from K. Smith plus a related bank charge of $15.

5. Also included was a credit memo indicating the collection of a $2,000 Note Receivable by the bank from K. Smith and a related $15 bank charge.

6. The account earned $25 interest during the period.

7. Our deposit of $800, made on February 23, had not been recorded.

Linda's Video Showcase
Bank Reconciliation
February 24, 1996

BOOK BALANCE

| Adjusted Book Balance | $3,700 |

BANK BALANCE

| Adjusted Bank Balance | $3,700 |

BANK RECONCILIATION JOURNAL ENTRIES

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Hint: Cash was debited for $2,125 and credited for $225.