

## **Quiz # 4 – Lorena Company Bank Reconciliation**

The information below was used to prepare a bank reconciliation for Lorena Company at October 31:

- According to the bank statement, the bank balance as of October 31 was \$8,765. According to the books, the cash balance as of October 31 is \$9,557.
- Outstanding checks totaled \$1,433.
- A customer's check for \$999 was returned for NSF.
- October's service charge was \$100.
- The bank collected \$1,500 from a customer of Lorena Company in payment of a note receivable and interest of \$100.
- A new bookkeeper had errors in posting checks and recording cash receipts:
  - Check #930 for Salaries Expense written for \$930, recorded as \$430.
  - A cash sale for \$2,300 on October 15 was not recorded by the bookkeeper since she was in a hurry to go to lunch.
- A deposit was made by the company for \$900. This was the correct amount; however, the bank made a mistake and recorded the deposit as \$890.
- Deposits made at month-end totaled \$4,516; these were not shown on the bank statement.

Required:

1. Prepare the bank reconciliation at October 31.
2. Prepare the journal entries at October 31.