

**KIPLING COMPANY**

**Bank Reconciliation**

**July 31**

<b>Balance per bank statement, July 31</b>		<b>\$ 8,650</b>
<b>Add: Deposits in transit</b>		<b>2,850<sup>a</sup></b>
<b>Deduct: Outstanding checks</b>		<b><u>1,100<sup>b</sup></u></b>
<b>Correct cash balance, July 31</b>		<b><u>\$10,400</u></b>
<b>Balance per books, July 31</b>		<b>\$ 9,250</b>
<b>Add: Collection of note</b>		<b>1,500</b>
<b>Less: Bank service charge</b>	<b>\$ 15</b>	
<b>NSF check</b>	<b><u>335</u></b>	<b><u>350</u></b>
<b>Corrected cash balance, July 31</b>		<b><u>£10,400</u></b>

<sup>a</sup>Computation of deposits in transit

<b>Deposits per books</b>	<b>\$5,810</b>
<b>Deposits per bank in July</b>	<b>\$ 4,500</b>
<b>Less deposits in transit (June)</b>	<b><u>1,540</u></b>
<b>Deposits mailed and received in July</b>	<b><u>(2,960)</u></b>
<b>Deposits in transit, July 31</b>	<b><u>2,850</u></b>

<sup>b</sup>Computation of outstanding checks

<b>Checks written per books</b>	<b>\$3,100</b>
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Checks cleared by bank in July	\$ 4,000
Less outstanding checks (June)*	<u>2,000</u>
Checks written and cleared in July	<u>(2,000)</u>
Outstanding checks, July 31	<u>\$1,100</u>

\*Assumed to clear bank in July

<b>(b) Cash</b>	<b>1,150</b>	
<b>Office Expense (Bank Charges)</b>	<b>15</b>	
<b>Accounts Receivable</b>	<b>335</b>	
<b>Notes Receivable</b>		<b>1,500</b>

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**(b) Perpetual LIFO**

<b>Date</b>	<b>Purchased</b>	<b>Sold</b>	<b>Balance</b>
1/1			1,000 X \$12 = \$12,000
2/4	2,000 X \$18 = \$36,000		1,000 X \$12 } 48,000 2,000 X \$18
2/20		2,000 X \$18 } \$42,000	
		500 X \$12	500 X \$12 = 6,000
4/2	3,000 X \$23 = \$69,000		500 X \$12 } 75,000 3,000 X \$23
11/4		2,200 X \$23 = 50,600	500 X \$12 } 24,400 800 X \$23
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		<b><u>\$92,600</u></b>	

(a) Periodic weighted-average

$$1,000 \times \$12 = \$ 12,000$$

$$2,000 \times \$18 = 36,000$$

$$3,000 \times \$23 = \underline{69,000}$$

$$\underline{\underline{\$117,000}}$$

$$4,700$$

$$\div 6,000 = \underline{\underline{\$19.50}}$$

$$\times \$ \underline{\underline{19.50}}$$

$$\underline{\underline{\$91,650}}$$