

Cash reconciliation

[Finance](#)



Reconciling Bookkeepers Errors Cash reconciliation is a control a company adopts to ensure the cash in its accounts equals to what is recorded in the books of account (Finney & Miller, 1965). The new bookkeeper made numerous errors in recording the transactions.

The first error the new bookkeeper records a deposit of \$ 200 as \$ 2, 000. This error will result to the bank statement reflecting a less figure of \$ 1, 800 while the company's cash account reflects an excess of \$ 1, 800. This error is reconciled by deducting \$ 1, 800 from the cash account.

The second error the bookkeeper records a deposit of \$ 530 as \$ 350. This error will result to the bank statement having highest figure as compared to the cash account by \$ 150. This error is reconciled by adding the \$ 150 to cash account.

The third error the bookkeeper recorded a payment of \$ 250 as \$ 25 from customer, but the bank noticed the error and deposited the right amount. With this error the bank statement will reflect a high balance than what the cash account reflects. This error can be reconciled by the bookkeeper adding \$ 225 which is the difference of she received and what she recorded.

The fourth error was committed by the bank when they were clearing a check of \$ 255 but instead cleared \$ 225. This error will result to the bank statement reflecting a higher balance as compared to what is being reflected on the company's books of account. This can be reconciled by the bookkeeper adding the difference of \$ 25 to the cash account.

The fifth error the bookkeeper wrote a check of \$ 369 but recorded \$ 396. This will have an impact on the cash account since it will reflect a lower balance to that reflected by the bank statement. This error can be reconciled by adding the difference of \$ 27 to the cash account.

<https://assignbuster.com/cash-reconciliation/>

References

Finney, H., & Miller, H. (1965). Principles of accounting, (6th ed.). Englewood Cliffs, N. J.: Prentice-Hall.