

## Bank reconciliation statement

**N12/12**

- 3 Walek sells goods for cash and on credit. He puts the cash receipts in a box and pays the total into his bank account each month. He pays the cheques received from his credit customers into the bank on the day he receives them.

On 1 September 2012 Walek's cash book showed a debit balance at the bank of \$2 400.

Walek had the following transactions in September 2012.

September		\$
3	Cheque received from Lashki	640
4	Sold goods on credit to Sharon	420
9	Purchased goods on credit from Bruton	1 980
14	Paid two weeks' wages by cheque	250
16	Cheque received from Yovell	370
28	Paid two weeks' wages by cheque	280
29	Paid cheque to Bruton	1 980
30	Cash sales for the month	3 560

On 21 September the bank returned Yovell's cheque dishonoured.

REQUIRED

- (a) Make the necessary entries in the bank columns of Walek's cash book to record the above transactions. Balance the cash book and bring down the balance on 1 October 2012.

Walek

Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$

[8]

At 30 September Walek had recorded the cash sales in his cash book, but had not deposited the money in the bank.

The cheque payable to Bruton dated 29 September was not cleared by the bank until 6 October.

The bank statement at 30 September showed a balance at the bank of \$2 510.

REQUIRED

- (c) Prepare a bank reconciliation statement for Walek at 30 September 2012.

Walek  
Bank Reconciliation Statement 30 September 2012

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[4]

- (d) Explain why items are recorded on the opposite side of the cash book to that on which they appear on the bank statement. [4]

**N12/13**

- 2(e) Jenny has received her bank statement. The following items have not yet been entered in her cash book. Place a tick (✓) in the table below under the correct heading to show whether the item will increase, reduce, or have no effect on the debit balance in her cash book.

	Increase	Decrease	Have no effect
Bank charges			
Credit transfer			
Dishonoured cheque			

[3]

**J13/22**

- 3(a) Explain the difference between a dishonoured cheque and an unrepresented cheque.

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- (b) Explain the difference between a standing order and a direct debit.

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Safiya Shendi is a trader. Her financial year ends on 30 April. The bank columns of her cash book for the month of April 2013 were as follows:

Cash Book (bank columns only)

Date	Details	\$	Date	Details	Cheque Number	\$
2013			2013			
April 1	Balance b/d	1 194	April 2	Waheed	000134	316
4	Cash sales	1 250	8	El Nil stores	000135	465
15	Aziz & Co.	110	10	Expenses	000136	212
24	Capital	3 000	18	Equipment	000137	2 500
29	Khalid	530	30	Assistant's salary	000138	450
			30	Balance c/d		2 141
		6 084				6 084
2013						
May 1	Balance b/d	2 141				

Safiya Shendi's business bank statement for April 2013 was as follows:

Bank Statement for the month of April 2013

		Debit	Credit	Balance
2013		\$	\$	\$
April 1	Balance			86 Dr
2	Credit		280	194 Cr
4	Credit		1 260	1 454 Cr
7	000134	316		1 138 Cr
14	000135	465		673 Cr
18	000136	212		461 Cr
21	Credit		110	571 Cr
26	000137	2 500		1 929 Dr
29	Credit		3 000	1 071 Cr
30	Credit transfer (rent)	280		791 Cr
30	Dishonoured cheque (Aziz & Co)	110		681 Cr

The following errors were discovered.

- 1 Safiya Shendi had brought down the cash book balance on 1 April 2013 incorrectly. It should have been \$194 and not \$1 194.
  - 2 The bank had made an error recording the cash paid into the bank on 4 April. It should have been \$1 250 and not \$1 260.
- (c) Starting with the debit balance of \$2141 update Safiya Shendi's cash book. Bring down the updated bank balance on 1 May 2013.

Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$

[7]

(d) Prepare a bank reconciliation statement for Safiya Shendi at 30 April 2013.

Bank Reconciliation Statement at 30 April 2013

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[8]

The following account appeared in Safiya Shendi's ledger.

Safiya Shendi Capital account

Date	Details	\$	Date	Details	\$
2013			2012		
April 30	Purchases	390	May 1	Balance b/d	10 000
	Loss	1 340	2013		
	Balance c/d	11 270	April 24	Bank	3 000
		13 000			13 000
			2013		
			May 1	Balance b/d	11 270

(e) Explain the following entries in the above account.  
April 24 Bank

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[2]

April 30 Purchases

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.....[2]

April 30 Loss

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.....[2]

[Total: 25]

**N13/11**

- 4 (e) Alan produces a monthly bank reconciliation statement. Name one other account or statement which he might prepare to check for errors in the books of account.

.....[1]

On 1 August 2013 Alan's cash book showed a debit balance of \$1 690 while his bank statement showed a credit balance of \$1634. The following items appeared on the statement but not in the cash book.

		\$
Bank charges		61
Direct debit (water rates)		205
Standing order (rent)		1 000
Credit transfers received - Diga		658
- Howat		512

The following items were in the cash book but not on the bank statement.

		\$
Cash sales deposited		1 112
Cheque to supplier - Nash		701
- Zamir		451

- (f) Update Alan's cash book. Bring down the updated bank balance on 1 August 2013.

Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$

[7]



(b) Prepare a bank reconciliation statement at 1 November 2013.

Bank Reconciliation Statement at 1 November 2013

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..... [8]

(c) State why the updated cash book balance rather than the balance on the bank statement would appear in the Statement of Financial Position.

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..... [2]

[Total: 17]

Ahsan Zarif, TCS < PAF Chapter >

**J14/11**

5 Miguel reconciles the balance on his cash book with the balance on his bank statement.

(a) Complete this sentence.

Items in the cash book which do not appear on the bank statement are usually caused by

.....differences.

[1]

Miguel's cash book (bank columns only) showed the following entries.

Date	Details	\$	Date	Details	\$
2014			2014		
May 2	Cash sales	4 216	May 1	Balance b/d	1 168
3	Alice	420	2	David	3 112
3	Bertram	280	3	Vehicle repairs	180
4	Cash sales	2 132	4	Edward	1 181
5	Charles	111	5	Wages	1 112
7	Balance c/d	2 720	6	Francis	3 126
		<b>9 879</b>			<b>9 879</b>
			May 8	Balance b/d	2 720

His bank statement for the same period showed the following.

		Dr.	Cr.	Balance
2014		\$	\$	\$
May 1	Balance			1 168 Dr
2	Insurance	120		1 288 Dr
5	Cash		4 216	2 928 Cr
5	Alice		420	3 348 Cr
5	Bertram		280	3 628 Cr
5	Wages	1 112		2 516 Cr
6	Interest	65		2 451 Cr
6	David	3 112		661 Dr
7	Edward	1 181		1 842 Dr
7	Gordon		920	922 Dr

REQUIRED

(b) Update the cash book and bring down the balance on 8 May 2014.



**J15/22**

2(a) State two reasons why a trader should reconcile the cash book balance with the balance shown on the bank statement at the end of each month.

- 1 .....
- .....
- 2 .....
- .....[2]

On 31 January 2015 David Jones balanced his cash book and brought down a debit balance of \$114 on 1 February. The bank statement showed a credit balance of \$154 on 31 January 2015.

A comparison of the cash book and the bank statement revealed the following.

		\$
1	Items appearing only in the cash book	
	Cash from sales paid into the bank on 28 January	235
	Cheque paid to M Sharp, a credit supplier	490
2	Items appearing only on the bank statement	
	Bank charges	62
	Cheque received from K Taylor, a credit customer, dishonoured	143
	Insurance premium paid by standing order	40
	Interest on deposit account paid directly into the bank	130
3	The total of the debit side of the cash book had been overcast	100

**REQUIRED**

(b) Update the cash book of David Jones. Bring down the updated bank balance on 1 February 2015.

David Jones  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$
2015					
Feb.1	Balance b/d	114			

[6]

(c) Prepare a bank reconciliation statement for David Jones at 31 January 2015.

David Jones  
Bank Reconciliation Statement at 31 January 2015  
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[6]

(d)(i) State whether the cash book balance or the bank statement balance should be shown in David Jones' statement of financial position at 31 January 2015.

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(ii) Give a reason for your answer in (i).

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.....[3]

(e) State **two** reasons why David Jones' bank manager would be interested in his financial statements.

1 .....

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2 .....

.....[2]

[Total: 19]

**N15/12**

**3(e)** State one reason why Asrul prepares a bank reconciliation statement.

.....[1]

(f) State what is meant by a bank statement.

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.....[1]

(g) Give one example of each of the following.

1 An item in the cash book not in the bank statement

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2 An item in the bank statement not in the cash book.

.....[2]

**J16/11**

- 5 Rohinton started trading on 1 January 2016. His cash book (bank columns only) for the first month of trading was as follows.

Rohinton  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$
2016			2016		
Jan. 1	Capital	10 000	Jan. 1	Rent (3 months)	3 000
10	Cash sales	1 600	7	Fixtures and fittings	4 000
18	Freddie	180	8	Amitav	605
28	Ling	195	21	Arun	402
			29	Charles	780
			31	Balance c/d	3 188
		<b>11 975</b>			<b>11 975</b>
Feb.1	Balance b/d	3 188	May 8	Balance b/d	2 720

His bank statement for the same period was as follows.

Date		Debit	Credit	Balance
2016		\$	\$	\$
Jan. 1	Opening deposit		10 000	10 000 Cr
1	Standing order (12 months' insurance)	720		9 280 Cr
5	Cheque 0002	4 000		5 280 Cr
10	Deposit		1 600	6 880 Cr
11	Cheque 0001	3 000		3 880 Cr
12	Cheque 0003	605		3 275 Cr
20	Deposit		180	3 455 Cr

**REQUIRED**

- (a) Update the cash book and bring down the amended balance.

Rohinton  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$
2016			2016		

[3]

(b) Prepare the bank reconciliation statement at 31 January 2016.

Rohinton

Bank reconciliation statement at 31 January 2016

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**N15/23**

1 Paul Chew is a trader. He made the following entries in his cash book in September 2015.

Paul Chew  
Cash Book for September 2015

Date 2015	Details	Discount allowed \$	Cash \$	Bank \$	Date 2015	Details	Discount received \$	Cash \$	Bank \$
Sept.1	Balance b/d		30	117	Sept.4	W Law (chqeque Dishonoured)			90
11	Bank		70		11	Cash			70
27	Sales		20	560	19	General exp.		80	
30	Yeung & Co.	3		287	24	K Tan	13		507

**REQUIRED**

(a)(vi) Calculate the bank balance on 30 September.

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On 30 September 2015 Paul Chew's bank statement showed an overdrawn balance of \$43. On comparing the bank statement and the cash book it was found that the bank had not recorded the transactions shown in the cash book on the following dates:

- 24 September
- 27 September
- 30 September

**REQUIRED**

(b) Prepare a bank reconciliation statement at 30 September 2015.

Paul Chew  
Bank Reconciliation Statement at 30 September 2015

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**N16/23**

1 Jolindi decided to compare the bank column of her cash book with her bank statement and to prepare a bank reconciliation statement.

**REQUIRED**

(c) State **two** reasons for preparing a bank reconciliation statement.

1 .....  
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2 .....  
..... [2]

(d) Suggest **two** items which may appear in the cash book but not on the bank statement.

1 .....  
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2 .....  
..... [2]

J17/12

4 Yeo is a trader. On 30 April 2017 his cash book showed cash in the bank, \$2890. When he compared this with the bank statement balance at the same date he found the following.

- 1 A credit transfer for \$340, paid by Yeo, had been recorded in his cash book as \$430.
- 2 Bank charges, \$50, were shown on the bank statement but had not been recorded in the cash book.
- 3 A cheque to a supplier, \$400, had not been presented.
- 4 A cheque paid into the bank, \$180, had not yet been credited.
- 5 A cheque, \$200, received from a customer, had been dishonoured.

These items accounted for the difference between the cash book balance and the bank statement balance.

**REQUIRED**

(a) State what is meant by a bank statement.

..... [1]  
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(b) State which **two** items 1 to 5 resulted from timing differences.

..... [1]

(c) Calculate the bank balance in the cash book after it had been updated.

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(d) Prepare Yeo's bank reconciliation statement at 30 April 2017.

Yeo  
Bank Reconciliation Statement at 30 April 2017

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(e) State the amount for bank which would appear in Yeo's statement of financial position at 30 April 2017. Name the section of the statement of financial position in which it would be shown.

Amount \$.....

Section ..... [2]

(f) State **one** reason why a cheque may be dishonoured.

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..... [1]

(g) Name **one** method, other than preparing a bank reconciliation statement, which Yeo could use to check for errors in his books of account.

..... [1]  
[Total: 16]

**J17/21**

1 Amjad is a furniture wholesaler. He maintains a three column cash book.

On 1 March the bank column of his cash book showed a debit balance brought down of \$2 750. On the same day the bank statement showed a credit balance of \$2 750.

**REQUIRED**

(a) State why the bank statement balance is on the opposite side to that shown in the cash book.

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..... [2]

The following transactions took place in March 2017.

- March 6 Paid \$950 by cheque. This included \$790 for a new computer system, and the balance was for repairs to existing office equipment
- 13 Received a cheque from XY Limited for \$196 to settle its account after deducting 2% cash discount
- 21 Paid Furniture Store a cheque for \$351 in full settlement of the balance owing of \$360
- 29 Made cash sales, \$2 148
- 30 Paid cash into bank, \$2 000

Amjad received his bank statement for March 2017.

The following items appeared on the bank statement but had not been recorded in his accounting records.

	\$
Bank charges	29
Insurance paid directly by the bank	50
A credit customer, Idris, had paid his account by credit transfer	474

The bank had not yet recorded the transactions which took place on 21 March and 30 March.

**REQUIRED**

(b) Complete Amjad's cash book. Balance the cash book and bring down the balances on 1 April 2017.

Amjad  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2017		\$	\$	\$	2017		\$	\$	\$
Mar.1	Balance b/d		38	2 750					

[13]

(c) Prepare a bank reconciliation statement for Amjad at 31 March 2017 to determine the balance on the bank statement.

Amjad  
Bank Reconciliation Statement at 31 March 2017

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.....[6]

**N17/11**

- 3** The bank columns of Kang-Dae’s cash book had a debit balance brought down of \$1 310 on 1 June 2017. The bank statement at the same date showed a credit balance of \$790.

When Kang-Dae compared the cash book with the bank statement he found the following.

Items on the bank statement not in the cash book

bank charges,	\$60
credit transfer,	\$540, from Nigel, a credit customer
standing order for rent payable,	\$1 000
direct debit paid to electricity company,	\$400

Items in the cash book not on the bank statement

cheque to Hachiro, a supplier,	\$700
cash paid in,	\$620

Kang-Dae also discovered that a payment, \$320, for insurance had been entered in the cash book twice in error.

**REQUIRED**

- (a)** State what is meant by a ‘bank statement’.

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.....[1]

- (b)** Update the bank columns of Kang-Dae’s cash book on 1 June 2017. Balance the cash book and bring down the balance.

Kang-Dae  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$

[7]

(c) Prepare the bank reconciliation statement at 1 June 2017.

Kang-Dae  
Bank reconciliation statement at 1 June 2017

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.....[6]

(d) State **two** differences between a bank overdraft and a bank loan.

1 .....  
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2 .....  
.....[2]

(e) Name the section of the statement of financial position where a 5-year bank loan would appear.

.....[1]

**[Total: 17]**

Ahsan Zarif, TCSK PAF Chapter 7

**N17/22**

1 Saffie is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount is \$150. All payments below \$100 are made from petty cash.

Saffie had the following transactions in September 2017.

- September 1 Petty cash imprest restored from the business bank account
- 3 Paid taxi fare, \$12
- 7 Paid \$461 by cheque for repairs to office machinery
- 11 Purchased office stationery, \$64
- 15 A cheque for \$210 received from SL Stores in August was dishonoured by the bank
- 21 Paid Faariqa, a credit supplier, \$29
- 26 Received a cheque from Thushari, \$392, in settlement of the amount due less 2% cash discount
- 28 Cash sales, \$4 840, of which \$4 800 was immediately paid into the bank
- 29 Paid Sopitha’s account of \$480 after deducting a cash discount of 2½%
- 30 Paid postage, \$22

**REQUIRED**

(a) Record the above transactions in the cash book. Balance the cash book and bring down the balance on 1 October 2017.

(ii)

**Saffie**  
Cash book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2017		\$	\$	\$	2017		\$	\$	\$
Sept.1	Balance b/d		120		Sept.1	Balance b/d			3 841

[10]

On 30 September 2017 Saffie’s bank statement showed an overdraft of \$4649. She compared the cash book with her bank statement and found that the bank had not recorded the transactions shown in the cash book on the following dates.

- September 26
- 28
- 29

In addition, the bank had debited Saffie’s business bank account with \$50 which should have been debited to her personal bank account.

**REQUIRED**

(b) Prepare a bank reconciliation statement at 30 September 2017.

Saffie

Bank Reconciliation Statement at 30 September 2017

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[6]

[Total: 25]

**J18/11**

3 Amira balanced her cash book on 30 April 2018. The bank column showed that she had \$17 620 in the bank.

On the same date the bank statement showed a different balance.

**REQUIRED**

(f) State **two** reasons for preparing a bank reconciliation statement.

1 .....

2 .....

.....[2]

A comparison of the cash book and the bank statement revealed the following.

	\$
1 Items appearing only on the bank statement	
Bank charges	28
Dishonoured cheque, Jabir	153
Business rates paid by direct debit	95
2 Items appearing only in the cash book	
Cheque received from Shadya	824
Cheque paid to Abasi	1 075
3 Debit side of cash book was undercast	100

**REQUIRED**

(g) Update the cash book of Amira. Bring down the updated balance on 1 May 2018.

Amira  
Cash Book (bank columns only)

Date	Details	\$	Date	Details	\$
2018					
Apr.30	Balance b/d	17 620			

[5]

- (h)** Prepare a bank reconciliation statement for Amira at 30 April 2018 to determine the balance shown on the bank statement.

Amira  
Bank Reconciliation Statement at 30 April 2018

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[4]

- (i)** State the bank balance which would appear in the statement of financial position on 30 April 2018. Name the section in which it would appear.

Amount of bank balance                                  \$ .....

Section of statement of financial position                  .....[2]

- (j)** Suggest **two** possible reasons why the cheque from Jabir was dishonoured.

1 .....[2]

2 .....[2]

**J18/22**

2 Sophia maintains a full set of books of prime (original) entry including a three column cash book.

**REQUIRED**

(c) Explain why Sophia's cash book is both a book of prime (original) entry and also part of the ledger.

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 .....[2]

The bank columns of Sophia's cash book for the month of April 2018 were as follows.

Cash book (bank columns only)

Date	Details	\$	Date	Details	Cheque Number	\$
2018			2018			
April 1	Balance b/d	950	April 2	Petty cash	000198	106
8	Goodfoods	140	15	Expenses	000199	25
28	CD Limited	280	21	Lowlands Farm	000200	44
30	Sales	311	29	FF Limited	000201	90

Sophia's business bank statement for April 2018 was as follows.

Bank Statement for the month of April 2018

2018		Debit \$	Credit \$	Balance \$
April 1	Balance			850 Cr
5	000198	106		744 Cr
9	Credit		140	884 Cr
12	Standing order (insurance)	50		834 Cr
18	000199	25		809 Cr
20	Dishonoured cheque (Goodfoods)	140		669 Cr
27	000200	44		625 Cr
30	Charges	15		610 Cr
30	Direct debit (rates)	400		210 Cr

The following errors were discovered.

- 1 Sophia had brought down the cash book balance on 1 April 2018 incorrectly. It should have been \$850.
- 2 The bank had incorrectly entered a standing order for insurance in Sophia's business bank account instead of her personal bank account.

**REQUIRED**

(d) Select the items required to update Sophia's cash book on 30 April 2018 and write these items in the table. Indicate how **each** item would be entered in the cash book. The first one has been completed as an example.

Item	entry required in cash book	
	Debit \$	Credit \$
<i>cash book error</i>		100

[3]

Sophia prepared a bank reconciliation statement on 30 April 2018. She started with the credit balance shown on the bank statement at that date.

**REQUIRED**

- (e) Select the items which would be entered in Sophia's bank reconciliation statement on 30 April 2018 and write these items in the table.

Place a tick (✓) in the correct column to indicate how **each** item would be recorded in the bank reconciliation statement.

Item	entry in bank reconciliation statement	
	added to bank statement balance	deducted from bank statement balance

[4]

**N18/11**

- 3 Lefika is a trader. He maintains a three column cash book.

Lefika had the following transactions in August 2018.

- August 5 Received a cheque from Tabia, \$441, in settlement of her account less 2% cash discount
- 8 Paid Tebago's account of \$280 by cheque after deducting a cash discount of 2½%
- 16 Received a cheque from Nyack, \$282, in full settlement of his debt of \$290
- 28 Cash sales, \$243, of which \$153 was paid directly into the bank
- 30 Received \$250 cash from the disposal of a non-current asset
- 31 Lefika took cash, \$200, for personal use
- 31 Paid all the cash into the bank except \$20

**REQUIRED**

- (a) Complete Lefika's cash book on the page opposite. Balance the cash book and bring down the balances on 1 September 2018.

Lefika  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2018		\$	\$	\$	2018		\$	\$	\$
Aug.1	Balance b/d		30		Aug.1	Balance b/d			1 253

[12]

On 31 August Lefika’s bank statement showed a bank overdraft of \$812. He compared the cash book with the bank statement and found that the bank had not recorded the transactions entered in the bank columns of the cash book on the following dates.

- August 8
- 16
- 28
- 31

**REQUIRED**

**(b)** Prepare a bank reconciliation statement at 31 August 2018.

Lefika  
Bank Reconciliation Statement at 31 August 2018

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..... [6]

**N19/21**

1 Sophie employs a book-keeper to maintain her accounting records. The book-keeper was taken ill and was unable to complete the accounting records for August 2019.

The entries the book-keeper made in the cash book for August 2019 are shown:

The following transactions took place on 31 August 2019.

- 1 Received a cheque from Jason to settle his debt of \$550 after deducting 2% cash discount.
- 2 Paid a cheque to Ellie for \$858 to settle her account after deducting 2½% cash discount.

Sophie received her bank statement for August and compared it with her cash book.

The following items appeared on the bank statement but had not been recorded in Sophie’s accounting records.

Bank charges	\$ 53
Cheque received from Jack on 17 August dishonoured	156
Payment of insurance by direct debit	50
A credit customer, Bella, had paid her account by credit transfer	260

**REQUIRED**

(a) Complete Sophie’s cash book. Balance the cash book and bring down the balances on 1 September 2019. [9]

Sophie  
Cash Book

Date	Details	Discount allowed	Cash	Bank	Date	Details	Discount received	Cash	Bank
2019		\$	\$	\$	2019		\$	\$	\$
Aug.1	Balance b/d		250		Aug.1	Balance b/d			4 010
17	Jack			156	2	Petty cash		94	
24	Sales		3 820		30	Bank		2 000	
29	Capital			5 000					
30	Cash			2 000					

(b) State the meaning of the balance in the bank column in the cash book on 1 August 2019.  
 ..... [1]

(c) State the meaning of the entry made in the cash book on 2 August 2019.  
 .....  
 ..... [1]

(d) Explain the entries made in the cash book on 30 August 2019.

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.....  
..... [2]

The bank had not recorded transactions entered in the cash book on 30 August and 31 August 2019.

**REQUIRED**

(e) Prepare a bank reconciliation statement for Sophie at 31 August 2019 to determine the balance on the bank statement.

Sophie  
Bank Reconciliation Statement at 31 August 2019

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.....  
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.....  
.....  
.....  
..... [5]

(f) State **two** reasons for preparing a bank reconciliation statement.

1 .....  
.....  
2 .....  
..... [2]

Ahsan Zarif, TCS < PAF Chapter >