

Term: II



Session 2023-2024

Name: _____

Date: _____

Practice Question

Question 1

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 \$1690 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) | 1000 |
| Credit transfers received - Diga | 658 |
| - Howat | 512 |

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

| | |
|---------------------------|------|
| | \$ |
| Cash sales deposited | 1112 |
| Cheque to supplier - Nash | 701 |
| - Zamir | 451 |

Update Alan’s cash book. Bring down the updated bank balance on 1 August 2013.

Cash Book (bank columns only)

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Prepare Alan's bank reconciliation statement at 1 August 2013.

Bank Reconciliation Statement at 1 August 2013

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Extended Practice Question

Question 1

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 \$2400.

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 | 1980 |
| 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 | 1980 |
| 30 | Cash sales for the month | 3560 |

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 | \$ |
|-------|---------|-------|-------|---------|-------|
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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 \$2510.

REQUIRED

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

Walek
Bank Reconciliation Statement 30 September 2012

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

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