

**Lesson 7 – Reconcile the Balance on the Bank Account
Model Answers to Practice Questions**

Question 7.1

Which **one** of the following statements best describes the purpose of preparing a bank reconciliation statement?

	✓
To bring the opening balance on the bank account in the ledger into agreement with the closing balance on the bank statement	
To bring the closing balance on the bank account in the ledger into agreement with the closing balance on the bank statement	✓

Question 7.2

The bank account as it appears in the ledger of Porter Electrical Services at 30 November 201X is presented below.

**Porter Electrical Services
Ledger (extract)**

DR (Receipts)			Bank		(Payments) CR	
201X	Details	£	201X	Details	Cheque No	£
1 Nov	Balance b/f	1,952.10✓	1 Nov	Echo Advertising	132796	117.50✓
2 Nov	Cash & cheques	2,268.50✓	2 Nov	Electrical Supplies	132797	1,535.25✓
9 Nov	Cash & cheques	2,130.60✓	5 Nov	Kane & Co	132798	496.90✓
16 Nov	Cash & cheques	2,196.70✓	8 Nov	Pearl Electrical	132799	1,212.20✓
23 Nov	Cash & cheques	2,248.40✓	9 Nov	Post Office Counters	132800	150.00✓
30 Nov	Cash & cheques	2,272.80	12 Nov	Manor Road Garage	132801	75.00
			14 Nov	Piper & Sons	132802	366.50✓
			16 Nov	Contract Electrical Ltd	132803	1,888.50✓
			19 Nov	Electronic Controls Ltd	132804	1,256.90✓
			22 Nov	Penistone Stationery Ltd	132805	99.50
			26 Nov	D & A Electronics	132806	325.00
			30 Nov	Wages and salaries	BACS	1,980.80✓
			30 Nov	Balance c/d		3,565.05
		13,069.10				13,069.10
30 Nov	Balance b/d	3,565.05				

Level 1 Award in Bookkeeping (RQF) – Study Text Book Model Answers

On 2 December 201X the bank statement presented below, which was for the month ended 30 November 201X was received by Porter Electrical Services from the Northern Bank PLC.

NORTHERN BANK PLC				
STATEMENT OF ACCOUNT				
Name of Account: Porter Electrical Services				
Account Number: 23456789				
Date: 30 November 201X				
Date 201X	Details	Payments £	Receipts £	Balance £
1 Nov	Balance b/f			1,952.10✓
5 Nov	Counter credit		2,268.50✓	4,220.60
7 Nov	132796	117.50✓		4,103.10
8 Nov	DD: Metro Insurance	100.00		4,003.10
12 Nov	Counter credit		2,130.60✓	6,133.70
13 Nov	132797	1,535.25✓		4,598.45
15 Nov	132799	1,212.20✓		3,386.25
19 Nov	Counter credit		2,196.70✓	5,582.95
20 Nov	132798	496.90✓		5,086.05
22 Nov	132800	150.00✓		4,936.05
26 Nov	BACS receipt (Williams & Co)		775.00	5,711.05
26 Nov	Counter credit		2,248.40✓	7,959.45
28 Nov	132802	366.50✓		7,592.95
28 Nov	132803	1,888.50✓		5,704.45
29 Nov	132804	1,256.90✓		4,447.55
30 Nov	Bank charges	37.50		4,410.05
30 Nov	SO: Northern District Council	220.00		4,190.05
30 Nov	BACS payment: wages and salaries	1,980.80✓		2,209.25
** Indicates Overdrawn Balance				

1. Compare the transactions recorded in the bank account in the ledger to those recorded on the bank statement and tick off (✓) transactions which are recorded in both sets of records.

2. Identify the single transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in ledger.

Receipt item(s)
BACS receipt (Williams & Co) £775.00

3. Identify the three transactions recorded as payments on the bank statement, but not recorded as payments in the bank current account in ledger.

Payment item(s)
DD – Metro Insurance £100.00
Bank charges £37.50
SO – Northern District Council £220.00

4. Identify the single transaction recorded as a receipt in the bank current account in the ledger, but not recorded as a receipt on the bank statement.

Receipt item(s)
Cash & cheques £2,272.80

5. Identify the three transactions recorded as payments in the bank current account in the ledger, but not recorded as payments on the bank statement.

Payment item(s)
Cheque 132801 £75.00
Cheque 132805 £99.50
Cheque 132806 £325.00

6. Using the form provided below prepare the bank reconciliation statement of Porter Electrical Services at 30 November 201X.

Porter Electrical Services
Bank Reconciliation Statement at 30 November 201X

Balance on bank current account in ledger at 30 November 201X	Amount £3,565.05	Balance on bank statement at 30 November 201X	Amount £2,209.25
Add receipts on bank statement not in ledger account:		Add receipts in ledger account not on bank statement	
BACS receipt (Williams & Co)	£ 775.00	Cash & cheques	£ 2,272.80
	£		
Total to add	£ 775.00	Total to add	£ 2,272.80
Less payments on bank statement, but not in ledger account:		Less payments in ledger account not on bank statement	
DD – Metro Insurance	£ 100.00	Cheque 364145	£ 75.00
Bank charges	£ 37.50	Cheque 364147	£ 99.50
SO – Northern District Council	£ 220.00	Cheque 364148	£ 325.00
Total to subtract	£ 357.50	Total to subtract	£ 499.50
Adjusted ledger account balance	£3,982.55	Adjusted bank statement balance	£ 3,982.55

Question 7.3

The bank account as it appears in the ledger of JC Electrics at 31 December 201X is presented below.

JC Electrics (Ledger Extract)

DR (Receipts) Bank (Payments) CR

201X	Details	£	201X	Details	Cheque No	£
1 Dec	Balance b/f	1,206.50✓	2 Dec	Electronic Supplies	121765	1,298.60✓
2 Dec	Cash & cheques	2,450.30✓	5 Dec	Domestic Electrics	121766	3,170.30✓
4 Dec	Cash & cheques	1,392.50✓	8 Dec	Adams Electrics	121767	4,885.20✓
5 Dec	Cash & cheques	2,124.60✓	9 Dec	Crossways Garage	121768	48.90✓
9 Dec	Cash & cheques	1,766.80✓	11 Dec	Electronic Supplies	121769	3,564.80✓
11 Dec	Cash & cheques	3,216.40✓	14 Dec	P R Stationery	121770	117.50
14 Dec	Cash & cheques	1,588.70✓	17 Dec	UK Electronics	121771	3,776.40✓
16 Dec	Cash & cheques	2,150.90✓	20 Dec	BT	121772	236.50
18 Dec	Cash & cheques	1,488.30✓	21 Dec	Sinclair Advertising	121773	400.00✓
21 Dec	Cash & cheques	1,666.20✓	23 Dec	Crossways Garage	121774	268.60
23 Dec	Cash & cheques	2,772.10✓	23 Dec	Power-Tech Ltd	121775	4,312.80
28 Dec	Cash & cheques	1,215.90✓	27 Dec	Wages	BACS	5,161.60✓
29 Dec	Cash & cheques	1,551.50✓	31 Dec	Balance c/d		3,428.70
30 Dec	Cash & cheques	4,264.80✓				
31 Dec	Cash & cheques	1,814.40				
		30,669.90				30,669.90
31 Dec	Balance b/d	3,428.70				

Level 1 Award in Bookkeeping (RQF) – Study Text Book Model Answers

On 4 January 201Y the bank statement presented below, which was for the month ended 31 December 201X, was received by JC Electrics from the Northern Bank PLC.

EASTERN BANK PLC				
STATEMENT OF ACCOUNT				
Name of Account: J C Electrics				
Account Number: 49590798				
Date: 31 December 201X				
201X	Description	Payments £	Receipts £	Balance £
1 Dec	Balance b/f			1,206.50✓
3 Dec	Counter Credit		2,450.30✓	3,656.80
3 Dec	DD: Somerway Estates	1,200.00		2,456.80
5 Dec	Counter Credit		1,392.50✓	3,849.30
6 Dec	Counter Credit		2,124.60✓	5,973.90
10 Dec	121765	1,298.60✓		4,675.30
10 Dec	Counter Credit		1,766.80✓	6,442.10
11 Dec	121766	3,170.30✓		3,271.80
12 Dec	Counter Credit		3,216.40✓	6,488.20
12 Dec	SO: Phoenix Insurance	800.00		5,688.20
15 Dec	Counter Credit		1,588.70✓	7,276.90
15 Dec	121768	48.90✓		7,228.00
16 Dec	121769	3,564.80✓		3,663.20
17 Dec	Counter Credit		2,150.90✓	5,814.10
18 Dec	DD: United Utilities	488.80		5,325.30
19 Dec	Counter Credit		1,488.30✓	6,813.60
22 Dec	Counter Credit		1,666.20✓	8,479.80
22 Dec	BACS Receipt: (Centaur Electronics)		1,250.00	9,729.80
23 Dec	121767	4,885.20✓		4,844.60
24 Dec	Counter Credit		2,772.10✓	7,616.70
28 Dec	121771	3,776.40✓		3,840.30
29 Dec	Counter Credit		1,215.90✓	5,056.20
29 Dec	121773	400.00✓		4,656.20
30 Dec	Bank Charges	25.80		4,630.40
30 Dec	Counter Credit		1,551.50✓	6,181.90
31 Dec	BACS Payment (Wages)	5,161.60✓		1,020.30
31 Dec	Counter Credit		4,264.80✓	5,285.10
** Indicates overdrawn balance				

1. Compare the transactions recorded in the bank account in the ledger to those recorded on the bank statement and tick off (✓) transactions which are recorded in both sets of records.
2. Identify the single transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in ledger.

Receipt item(s)
BACS receipt (Centaur Electronics) £1,250.00

3. Identify the four transactions recorded as payments on the bank statement, but not recorded as payments in the bank current account in ledger.

Payment item(s)
DD – Somerway Estates £1,200.00
SO – Phoenix Insurance £800.00
DD – United Utilities £488.80
Bank charges £25.80

4. Identify the single transaction recorded as a receipt in the bank current account in the ledger, but not recorded as a receipt on the bank statement.

Receipt item(s)
Cash & cheques £1,814.40

5. Identify the four transactions recorded as payments in the bank current account in the ledger, but not recorded as payments on the bank statement.

Payment item(s)
Cheque 121770 £117.50
Cheque 121772 £236.50
Cheque 121774 £268.60
Cheque 121775 £4,312.80

6. Using the form provided below prepare the bank reconciliation statement of JC Electrics at 31 December 201X.

JC Electrics

Bank Reconciliation Statement at 31 December 201X

Balance on bank current account in ledger at 31 December 201X	Amount £3,428.70	Balance on bank statement at 31 December 201X	Amount £ 5,285.10
Add receipts on bank statement not in ledger account:		Add receipts in ledger account not on bank statement	
BACS receipt (Centaur Electronics)	£ 1,250.00	Cash & cheques	£ 1,814.40
	£		
Total to add	£ 1,250.00	Total to add	£ 1,814.40
Less payments on bank statement, but not in ledger account:		Less payments in ledger account not on bank statement	
DD – Somerway Estates	£ 1,200.00	Cheque 121770	£ 117.50
SO – Phoenix Estates	£ 800.00	Cheque 121772	£ 236.50
DD – United Utilities	£ 488.80	Cheque 121774	£ 268.60
Bank charges	£ 25.80	Cheque 121775	£ 4,312.80
Total to subtract	£ 2,514.60	Total to subtract	£ 4,935.40
Adjusted ledger account balance	£ 2,164.10	Adjusted bank statement balance	£ 2,164.10

Question 7.4

Provided below is an extract from the ledger of Argent Engineering, showing the bank account of the business balanced off at the month ended 31 December 201X.

Argent Engineering (Ledger Extract)						
DR	(Receipts)	Bank Account			(Payments)	CR
201X	Details	£	201X	Details	Cheque No	£
7 Dec	Cash & cheques	4,250.00✓	1 Dec	Balance b/f		680.00✓
14 Dec	Cash & cheques	3,610.00✓	1 Dec	Metal Fabrications	121650	470.00✓
21 Dec	Cash & cheques	2,840.00✓	5 Dec	Sheffield Sheet Metals	121651	1,480.00✓
31 Dec	Cash & cheques	3,140.00	6 Dec	YMS Stainless Steel	121652	2,480.00✓
			12 Dec	Proform Metals	121653	840.00✓
			18 Dec	Park Aluminium	121654	2,960.00✓
			23 Dec	Blue Star Garage	121655	640.00✓
			29 Dec	Greenpower	121656	230.00
			30 Dec	Wages (BACS)		1,828.00✓
			31 Dec	Ace Signs Ltd	121657	460.00
			31 Dec	Balance c/d		1,772.00
		13,840.00				13,840.00
31 Dec	Balance b/d	1,772.00				

Level 1 Award in Bookkeeping (RQF) – Study Text Book Model Answers

The following bank statement for December month 201X was received in the post by Argent Engineering on 3 January 201Y.

WESTERN BANK PLC				
STATEMENT OF ACCOUNT				
Name of Account: Argent Engineering				
Account Number: 27576423				
Date: 31 December 201X				
201X	Details	Payments £	Receipts £	Balance £
1 Dec	Balance b/f			**680.00✓
5 Dec	121650	470.00✓		**1,150.00
8 Dec	Counter credit		4,250.00✓	3,100.00
10 Dec	121652	2,480.00✓		620.00
12 Dec	DD: ADC (rates)	120.00		500.00
15 Dec	Counter credit		3,610.00✓	4,110.00
16 Dec	121651	1,480.00✓		2,630.00
18 Dec	121653	840.00✓		1,790.00
20 Dec	BACS Receipt: The Iron Works		1,400.00	3,190.00
22 Dec	Counter credit		2,840.00✓	6,030.00
28 Dec	121654	2,960.00✓		3,070.00
30 Dec	Bank charges and interest	25.00		3,045.00
30 Dec	DD: Pro-tec (Insurance)	100.00		2,945.00
31 Dec	121655	640.00✓		2,305.00
31 Dec	BACS payment: wages	1,828.00✓		477.00
** Indicates Overdrawn Balance				

1. Compare the transactions recorded in the bank account in the ledger to those recorded on the bank statement and tick off (✓) transactions which are recorded in both sets of records.
2. Identify the single transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in ledger.

Receipt item(s)
BACS receipt (The Iron Works) £1,400.00

3. Identify the three transactions recorded as payments on the bank statement, but not recorded as payments in the bank current account in ledger.

Payment item(s)
DD – ADC rates £120.00
Bank charges and interest £25.00
DD – Pro-tec (insurance) £100.00

4. Identify the single transaction recorded as a receipt in the bank current account in the ledger, but not recorded as a receipt on the bank statement.

Receipt item(s)
Cash & cheques £3,140.00

5. Identify the two transactions recorded as payments in the bank current account in the ledger, but not recorded as payments on the bank statement.

Payment item(s)
Cheque 121656 £230.00
Cheque 121657 £460.00

6. Using the form provided below prepare the bank reconciliation statement of Argent Engineering at 31 December 201X.

Argent Engineering
Bank Reconciliation Statement at 31 December 201X

Balance on bank current account in ledger at 31 December 201X	Amount £ 1,772.00	Balance on bank statement at 31 December 201X	Amount £ 477.00
Add receipts on bank statement not in ledger account:		Add receipts in ledger account not on bank statement	
BACS receipt (The Iron Works)	£ 1,400.00	Cash & cheques	£ 3,140.00
	£		
Total to add	£ 1,400.00	Total to add	£ 3,140.00
Less payments on bank statement, but not in ledger account:		Less payments in ledger account not on bank statement	
DD – ADC (rates)	£ 120.00	Cheque 121656	£ 230.00
Bank charges and interest	£ 25.00	Cheque 121657	£ 460.00
DD – Pro-tec (insurance)	£ 100.00		
Total to subtract	£ 245.00	Total to subtract	£ 690.00
Adjusted ledger account balance	£ 2,927.00	Adjusted bank statement balance	£ 2,927.00