

## Lesson 12 – Prepare a Trial Balance and Reconcile the Cash and Bank Account Balances

### Question 12.1

A list of account balances was extracted from the double entry bookkeeping system of Purely Pine at 30 June 201X. The account balances have been recorded on the trial balance below, in the column 'Account Balance'. You are required to complete the trial balance by extending the balances from the 'Account Balance' column into either the DR or CR columns of the trial balance. Having extended each of the balances, total the DR and CR columns of the trial balance, the column totals should agree.

<b>Purely Pine</b>			
<b>Trial Balance at 30 June 201X</b>			
<b>Ledger Account</b>	<b>Account Balance £</b>	<b>DR £</b>	<b>CR £</b>
Cash	500	500	
Capital	243,160		243,160
Drawings	26,000	26,000	
Sales	1,101,070		1,101,070
Purchases	864,700	864,700	
Sales returns	6,820	6,820	
Purchase returns	7,180		7,180
Stock	99,780	99,780	
Operating expenses	159,200	159,200	
Discounts allowed	12,280	12,280	
Discounts received	16,480		16,480
Premises	150,000	150,000	
Fixtures, fittings and equipment	31,400	31,400	
Bank (positive balance on bank account)	22,450	22,450	
Sales ledger control	107,060	107,060	
Purchase ledger control	110,740		110,740
VAT (amount owing to HMRC)	1,560		1,560
<b>Totals</b>		<b>1,480,190</b>	<b>1,480,190</b>

### Question 12.2

A list of account balances was extracted from the double entry bookkeeping system of Emmervale Farm Machinery at 30 September 201X. The account balances have been recorded on the trial balance below, in the column 'Account Balance'.

You are required to complete the trial balance by extending the balances from the 'Account Balance' column into either the DR or CR columns of the trial balance. Having extended each of the balances, total the DR and CR columns of the trial balance, the column totals should agree.

#### Emmervale Farm Machinery Trial Balance at 30 September 201X

Ledger Account	Account Balance £	DR £	CR £
Premises	200,000	200,000	
Fixtures and fittings	20,000	20,000	
Vehicles	80,000	80,000	
Capital	300,000		300,000
Drawings	32,250	32,250	
Bank loan	50,000		50,000
Sales	986,580		986,580
Purchases	725,210	725,210	
Sales returns	7,650	7,650	
Purchase returns	8,140		8,140
Stock	126,400	126,400	
Carriage inwards	5,650	5,650	
Rates	8,800	8,800	
Insurances	3,400	3,400	
Wages and salaries	131,520	131,520	
Discount allowed	5,890	5,890	
Discount received	8,450		8,450
Vehicle expenses	9,150	9,150	
Loan interest (paid)	5,000	5,000	
Bank charges	1,240	1,240	
Other operating expenses	15,890	15,890	
Value Added Tax (amount owing to HMRC)	4,810		4,810
Sales ledger control	87,420	87,420	
Purchase ledger control	138,930		138,930
Bank (positive balance on bank current account)	31,440	31,440	
<b>Totals</b>		<b>1,496,910</b>	<b>1,496,910</b>

### Question 12.3

The following trial balance was extracted from the double entry bookkeeping system of Nicholas Steele & Company at 31 December 201X.

#### **Nicholas Steele & Company Trial Balance at 31 December 201X**

<b>Ledger Account</b>	<b>DR £</b>	<b>CR £</b>
Accountancy fees	2,805	
Advertising	9,011	
Bank (Current Account)	11,524	
Bank (Deposit Account)	35,750	
Bank loan		13,000
Capital		275,000
Cash	967	
Purchase ledger control		3,010
Sales ledger control	13,356	
Discount received		302
Drawings	22,500	
Office equipment	32,000	
Light and heat	1,900	
Office equipment repairs	345	
Freehold premises	355,000	
Rent receivable		6,000
Sales		302,495
Printing, postage and stationery	4,516	
Telephone	2,091	
Travel	3,235	
Value Added Tax		10,705
Vehicle expenses	6,524	
Motor vehicles	44,000	
Salaries	64,988	
<b>Totals</b>	<b>610,512</b>	<b>610,512</b>

Since preparing the above trial balance the bookkeeper of Nicholas Steele discovered the following three bookkeeping errors, which were corrected using the journal as follows:

**Error 1**

**Nicholas Steele & Company  
Journal**

<b>201X</b>	<b>Account name</b>	<b>DR £</b>	<b>CR £</b>
31 Dec	VAT Control	60	
	Vehicle expenses		60
	Correction of error. Amount inclusive of VAT recorded in vehicle expenses account		

**Error 2**

**Nicholas Steele & Company  
Journal**

<b>201X</b>	<b>Account name</b>	<b>DR £</b>	<b>CR £</b>
31 Dec	Drawings	1,500	
	Salaries		1,500
	Correction of error. Proprietor drawings recorded as salaries		

**Error 3**

**Nicholas Steele & Company  
Journal**

<b>201X</b>	<b>Account name</b>	<b>DR £</b>	<b>CR £</b>
31 Dec	Bank	450	
	Cash		450
	Correction of error of original entry. Cash transferred to bank incorrectly posted from paying-in slip		

The trial balance of Nicholas Steele & Company at 31 December 201X is now reproduced below.

However, this version of the trial balance shows only the account titles and does not include account balances.

You are required to redraft the trial balance at 31 December 201X, showing account balances corrected to take into account the journal entries above. Having relisted the account balances on the trial balance, total the DR and CR columns of the trial balance, the column totals should agree.

**Nicholas Steele & Company**  
**Trial Balance (redrafted) at 31 December 201X**

<b>Ledger Account</b>	<b>DR £</b>	<b>CR £</b>
Accountancy fees	2,805	
Advertising	9,011	
Bank (Current Account)	11,974	
Bank (Deposit Account)	35,750	
Bank loan		13,000
Capital		275,000
Cash	517	
Purchase ledger control		3,010
Sales ledger control	13,356	
Discount received		302
Drawings	24,000	
Office equipment	32,000	
Light and heat	1,900	
Office equipment repairs	345	
Freehold premises	355,000	
Rent receivable		6,000
Sales		302,495
Printing, postage and stationery	4,516	
Telephone	2,091	
Travel	3,235	
Value Added Tax		10,645
Vehicle expenses	6,464	
Motor vehicles	44,000	
Salaries	63,488	
<b>Totals</b>	<b>610,452</b>	<b>610,452</b>

**Question 12.4**

The following trial balance was extracted from the double entry bookkeeping system of Plastering Supplies at 31 August 201X, the end of the business's first two months of trading.

**Plastering Supplies  
Trial Balance at 31 August 201X**

<b>Ledger Account</b>	<b>DR £</b>	<b>CR £</b>
Bank (current account)		2,450
Cash	1,250	
Petty Cash	100	
Capital		64,000
Drawings	4,000	
Office equipment	4,675	
Postage & stationery	112	
Purchases	36,546	
Purchases returns		1,635
Purchase ledger control		25,660
Sales		58,914
Sales ledger control	28,890	
Sales returns	4,269	
Stock	24,010	
Sundry expenses	878	
Travel	542	
Utilities	1,089	
VAT control		3,921
Vehicles	42,750	
Vehicle expenses	725	
Wages	6,744	
<b>Totals</b>	<b>156,580</b>	<b>156,580</b>

After preparing the initial trial balance two bookkeeping errors were discovered and the following journal entries were prepared to correct the errors:

**Error 1**

**Plastering Supplies  
Journal**

<b>201X</b>	<b>Account name</b>	<b>DR £</b>	<b>CR £</b>
31 Aug	Bank	1,000	
	Cash		1,000
	Correction of error of reversal of entries		

**Error 2**

**Plastering Supplies  
Journal**

<b>201X</b>	<b>Account name</b>	<b>DR £</b>	<b>CR £</b>
31 Aug	Vehicle expenses	100	
	Sundry expenses		100
	Correction of error. Vehicle expenses recorded as sundry expenses		

The trial balance of Plastering Supplies at 31 August 201X is now reproduced below. However, this version of the trial balance shows only the account titles and does not include account balances.

You are required to redraft the trial balance at 31 August 201X, showing account balances corrected to take into account the journal entries above. Having relisted the account balances on the trial balance, total the DR and CR columns of the trial balance, the column totals should agree.

**Plastering Supplies  
Trial Balance (redrafted) at 31 August 201X**

<b>Ledger Account</b>	<b>DR £</b>	<b>CR £</b>
Bank (current account)		1,450
Cash	250	
Petty Cash	100	
Capital		64,000
Drawings	4,000	
Office equipment	4,675	
Postage & stationery	112	
Purchases	36,546	
Purchases returns		1,635
Purchase ledger control		25,660
Sales		58,914
Sales ledger control	28,890	
Sales returns	4,269	
Stock	24,010	
Sundry expenses	778	
Travel	542	
Utilities	1,089	
VAT control		3,921
Vehicles	42,750	
Vehicle expenses	825	
Wages	6,744	
<b>Totals</b>	<b>155,580</b>	<b>155,580</b>

### Question 12.5

One of your colleagues is in the process of preparing a trial balance at 30 April 201X from the double entry bookkeeping system of Big Brands (Wholesale) Furniture. Your colleague has entered some of the closing balances on the trial balance, but there are six accounts in the general ledger of the business which are yet to be balanced off.

An extract from the general ledger of Big Brands (Wholesale) Furniture is provided below the trial balance. You are required to balance off each of the accounts appearing in the general ledger (extract) at 30 April 201X, and to complete the trial balance by listing the closing balances on the six ledger accounts. You are then required to total the trial balance DR and CR columns, the column totals should agree,

#### Trial Balance at 30 April 201X

<b>Ledger Account</b>	<b>DR £</b>	<b>CR £</b>
Bank current account	3,245	
Cash	200	
Capital		<b>80,000</b>
Drawings	<b>20,000</b>	
Fixtures and fittings	4,800	
Purchases	502,600	
Purchase returns		2,988
Purchase ledger control		<b>55,070</b>
Premises	140,000	
Operating expenses	<b>25,250</b>	
Sales		726,394
Sales returns	4,156	
Sales ledger control	<b>50,090</b>	
Stock	40,750	
VAT Control		<b>6,108</b>
Vehicles	35,000	
Vehicle expenses	3,280	
Wages	41,189	
<b>Totals</b>	<b>870,560</b>	<b>870,560</b>

**Big Brands (Wholesale) Furniture  
General Ledger (extract)**

DR		Capital		CR	
201X	Details	£	201X	Details	£
30 April	Balance c/d	80,000	23 April	Balance b/d	60,000
			30 April	Cash book	20,000
		<b>80,000</b>			<b>80,000</b>
			30 April	Balance b/d	80,000

DR		Drawings		CR	
201X	Details	£	201X	Details	£
23 April	Balance b/d	18,000	30 April	Balance c/d	20,000
30 April	Cash book	2,000			
		<b>20,000</b>			<b>20,000</b>
30 April	Balance b/d	20,000			

DR		Purchase Ledger Control		CR	
201X	Details	£	201X	Details	£
30 April	Purchase returns day book	792	23 April	Balance b/d	56,240
30 April	Cash book	9,126	30 April	Purchase day book	8,748
30 April	Balance c/d	55,070			
		<b>64,988</b>			<b>64,988</b>
			30 April	Balance b/d	55,070

DR		Operating Expenses		CR	
201X	Details	£	201X	Details	£
23 April	Balance b/d	24,720	30 April	Vehicle expenses	450
30 April	Cash book	980	30 April	Balance c/d	25,250
		<b>25,700</b>			<b>25,700</b>
30 April	Balance b/d	25,250			

Level 2 Certificate in Bookkeeping (RQF) – Study Text Book Model Answers

DR		Sales Ledger Control		CR	
201X	Details	£	201X	Details	£
23 April	Balance b/d	49,120	30 April	Sales returns day book	1,020
30 April	Sales day book	9,978	30 April	Cash book	7,988
			<b>30 April</b>	<b>Balance c/d</b>	<b>50,090</b>
		<b>59,098</b>			<b>59,098</b>
<b>30 April</b>	<b>Balance b/d</b>	<b>50,090</b>			

DR		VAT Control		CR	
201X	Details	£	201X	Details	£
30 April	Sales returns day book	170	23 April	Balance b/d	4,816
30 April	Purchase day book	1,458	30 April	Sales day book	1,996
30 April	Cash book	656	30 April	Purchase returns day book	132
<b>30 April</b>	<b>Balance c/d</b>	<b>6,108</b>	30 April	Cash book	1,448
		<b>8,392</b>			<b>8,392</b>
			<b>30 April</b>	<b>Balance b/d</b>	<b>6,108</b>

### Question 12.6

The double entry bookkeeping system of Elite Furnishings Ltd includes a columnar Cash Book. The book has columns for recording and analysing cash and bank account receipts and payments. The following is an extract from the cash book at 31 May 201X showing the cash and bank account receipts and payment columns only.

#### Elite Furnishings Ltd

<b>DR (Receipts)</b>				<b>Cash Book</b>				<b>(Payments) CR</b>	
Date 201X	Details	Cash £	Bank £	Date 201X	Details	Cheque Number	Cash £	Bank £	
1 May	Balance b/d	130	840	2 May	Gee & Co	0124360		190	
2 May	Weston Estates		385	4 May	MEB	0124361		180	
4 May	Stanton Furnishings		195	4 May	Vehicles expenses	0124362		85	
5 May	Bank	300		5 May	Cash	0124363		300	
5 May	Sales	1,250		5 May	Wages		450		
8 May	Cash		1,000	8 May	Sundry expenses		10		
9 May	Fenton's Fabrics		235	8 May	Bank		1,000		
10 May	Wilson's Carpets		290	10 May	DY Upholstery	0124364		780	
12 May	Sales	1,400		12 May	Crown Carpets Ltd	0124365		1,950	
15 May	Cash		1,000	12 May	Renton Electronics	0124366		125	
16 May	Blake's Furnishings		580	12 May	Wages		450		
17 May	Johnson Furniture		380	15 May	Bank		1,000		
19 May	Sales	2,400		17 May	Wilton Mills Ltd	0124367		1,475	
22 May	Cash		2,000	19 May	Wages		450		
23 May	KC Carpets		375	22 May	Bank		2,000		
24 May	Bensons Furniture		850	26 May	Unique Upholstery	0124368		950	
26 May	Sales	2,000		29 May	Oak Furniture Co	0124369		760	
26 May	Cash		1,600	30 May	TJ Furniture	0124370		1,860	
29 May	Stanton Furnishings		390	31 May	Bank		1,500		
31 May	Sales	300		31 May	Balances c/d		920	2,965	
31 May	Cash		1,500						
	<b>Totals</b>	<b>7,780</b>	<b>11,620</b>		<b>Totals</b>		<b>7,780</b>	<b>11,620</b>	
31 May	Balances b/d	920	2,965						

The following is the bank statement for the month ended 31 May 201X was received by Elite Furnishings Ltd from the bank:

<b>NORTHERN BANK PLC</b>				
<b>STATEMENT OF ACCOUNT</b>				
<b>Name of Account:</b> Elite Furnishings Ltd				
<b>Account Number:</b> 7197215				
<b>Date:</b> 31 May 201X				
<b>Date 201X</b>	<b>Details</b>	<b>Payments £</b>	<b>Receipts £</b>	<b>Balance £</b>
1 May	Balance b/f			840
3 May	Counter Credit		385	1,225
5 May	Counter Credit		195	1,420
8 May	0124360	190		1,230
8 May	0124363	300		930
9 May	Counter Credit		1,000	1,930
10 May	0124361	180		1,750
10 May	Counter Credit		235	1,985
11 May	0124362	85		1,900
11 May	Counter Credit		290	2,190
15 May	0124364	780		1,410
16 May	DD - ADC (Rates)	480		930
16 May	Counter Credit		1,000	1,930
17 May	Counter Credit		580	2,510
17 May	0124366	125		2,385
18 May	Counter Credit		380	2,765
22 May	0124365	1,950		815
23 May	Counter Credit		2,000	2,815
24 May	SO – Eastern Water Board	128		2,687
24 May	BACS – The Suite Centre		550	3,237
24 May	Counter Credit		375	3,612
24 May	0124367	1,475		2,137
25 May	Counter Credit		850	2,987
26 May	Bank Charges	23		2,964
27 May	Counter Credit		1,600	4,564
28 May	SO - Free Press Publications	150		4,414
30 May	Counter Credit		390	4,804

DD : indicates – Direct Debit  
 SO : indicates – Standing Order  
 \*\* : indicates – Overdrawn Balance

Elite Furnishings Ltd keeps its cash in a cash box which is then locked in the safe. The contents of the company's cash box were counted at the close of business on 31 May 201X and the following is a list of the notes and coins the box contained:

<b>Denomination Notes &amp; Coins</b>	<b>Number</b>
£20 notes	32
£10 notes	16
£5 notes	13
£2 coins	10
£1 coins	25
50p coins	8
20p coins	15
10p coins	20
5p coins	10
2p coins	20
1p coins	10

**REQUIRED:**

- A) Complete the Cash Reconciliation Form provided below and reconcile the balance on the cash account in the cash book of Elite Furnishings Ltd at 31 May 201X, with the cash in the cash box at that date

<b>Reconciliation Cash Book Balance with Contents of Cash Box</b>			
<b>Date:</b> 31 May 201X			
<b>Denomination (Notes and Coins)</b>	<b>Quantity in Box</b>	<b>Amount</b>	
		<b>£</b>	<b>p</b>
£20 notes	32	640	00
£10 notes	16	160	00
£5 notes	13	65	00
£2 coins	10	20	00
£1 coins	25	25	00
50p coins	8	4	00
20p coins	15	3	00
10p coins	20	2	00
5p coins	10		50
2p coins	20		40
1p coins	10		10
<b>Total in cash box</b>		<b>920</b>	<b>00</b>
<b>Balance on cash account in cash book</b>		<b>920</b>	<b>00</b>
<b>Difference</b>		<b>0</b>	<b>0</b>

- B) Compare the opening balance on the bank account in the cash book of Elite Furnishings Ltd with the opening balance on the statement received from the bank and identify whether or not the two balances agree.

	<b>Yes</b> ✓	<b>No</b> ✓
<b>Does the opening balance on the bank account in the cash book agree with the opening balance on the bank statement?</b>	✓	

- C) Compare the receipt and payment transactions recorded in the bank account in the cash book of Elite Furnishings Ltd in the month of May 201X, with those recorded on the bank statement the company received for May month 201X from the bank and identify the following differences between the two sets of records

Identify the transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in the cash book.

<b>Receipt item on bank statement but not recorded in cash book</b>
---

<b>BACS – The Suite Centre £550</b>
-------------------------------------

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

<b>Payment items on bank statement but not recorded in cash book</b>
--

<b>DD – ADC Rates £480</b>
----------------------------

<b>S0 – Eastern Water Board £128</b>
--------------------------------------

<b>Bank charges £23</b>
-------------------------

<b>S0 – Free Press Publications £150</b>
--

Identify the transaction recorded as a receipt in the bank current account in the cash book, but not recorded as a receipt on the bank statement.

<b>Receipt item recorded in cash book, but not recorded on bank statement</b>
---

<b>Cash £1,500</b>
--------------------

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

<b>Payment items recorded in cash book, but not recorded on bank statement</b>
<b>Cheque 0124368 £950</b>
<b>Cheque 0124369 £760</b>
<b>Cheque 0124370 £1,860</b>

- D) Using the form provided below prepare the bank reconciliation statement of Elite Furnishings Ltd at 31 May 201X.

**Elite Furnishings Ltd**  
**Bank Reconciliation Statement at 31 May 201X**

<b>Balance on bank current account in cash book at 31 May 201X</b>	<b>Amount £2,965</b>	<b>Balance on bank statement at 31 May 201X</b>	<b>Amount £ 4,804</b>
<b>Add receipts on bank statement not in bank account in cash book</b>		<b>Add receipts in bank account in cash book not on bank statement</b>	
<b>BACS – The Suite Centre</b>	<b>£ 550</b>	<b>Cash</b>	<b>£ 1,500</b>
<b>Total to add</b>	<b>£ 550</b>	<b>Total to add</b>	<b>£ 1,500</b>
<b>Less payments on bank statement not in bank account in cash book</b>		<b>Less payments in bank account in cash book not on bank statement</b>	
<b>DD – ADC Rates</b>	<b>£ 480</b>	<b>Cheque 0124368</b>	<b>£ 950</b>
<b>SO – Eastern Water Board</b>	<b>£ 128</b>	<b>Cheque 0124369</b>	<b>£ 760</b>
<b>Bank charges</b>	<b>£ 23</b>	<b>Cheque 0124370</b>	<b>£ 1,860</b>
<b>SO – Free Press Publications</b>	<b>£ 150</b>		<b>£</b>
<b>Total to subtract</b>	<b>£ 781</b>	<b>Total to subtract</b>	<b>£ 3,570</b>
<b>Adjusted bank current account balance</b>	<b>£ 2,734</b>	<b>Adjusted bank statement balance</b>	<b>£ 2,734</b>

### Question 12.7

As at 31 July 201X the Cash Book of Bed Warehouse was balanced off. An extract of the cash book, showing the cash account and bank account columns only is provided below.

<b>Bed Warehouse</b>								
<b>DR</b>		<b>Cash Book</b>			<b>CR</b>			
<b>Date 201X</b>	<b>Details</b>	<b>Cash £</b>	<b>Bank £</b>	<b>Date 201X</b>	<b>Details</b>	<b>Cheque Number</b>	<b>Cash £</b>	<b>Bank £</b>
1 July	Balance b/d	300	4,616	1 July	The Pine Centre	126471		6,110
4 July	Sales	4,230		1 July	Health Beds Ltd	126472		2,115
4 July	Cash		2,500	4 July	Bank		2,500	
8 July	Sales	4,700		5 July	Wages		1,750	
8 July	Cash		3,650	5 July	Europa Beds	126473		2,350
11 July	Sales	4,465		6 July	Sleep-Easy Ltd	126474		2,585
11 July	Cash		2,400	8 July	Bank		3,650	
15 July	Sales	3,854		10 July	Manor Tyres	126475		282
15 July	Cash		4,450	11 July	Premier Beds Ltd	126476		3,760
19 July	Sales	4,324		11 July	Bank		2,400	
19 July	Cash		3,250	12 July	Wages		1,750	
24 July	Sales	4,747		14 July	The Pine Centre	126477		2,632
24 July	Cash		2,620	15 July	Bank		4,450	
28 July	Sales	4,042		17 July	Donation – RSPCA		25	
28 July	Cash		4,840	19 July	Bank		3,250	
31 July	Sales	4,371		19 July	Wages		1,750	
31 July	Cash		3,880	22 July	Europa Beds	126478		2,820
				23 July	'E' Power Electricity	126479		282
				24 July	Bank		2,620	
				26 July	Wages		1,750	
				26 July	The Pine Centre	126480		3,525
				27 July	Bedtime Ltd	126481		4,230
				28 July	Bank		4,840	
				31 July	Bank		3,880	
				31 July	Balance c/d		418	1,515
		35,033	32,206				35,033	32,206
31 May	Balance b/d	418	1,515					

On 2 August 201X Bed Warehouse received the following bank statement for the month of July 201X from their bank.

<b>WESTERN BANK PLC</b>				
<b>STATEMENT OF ACCOUNT</b>				
<b>Name of Account:</b> Bed Warehouse				
<b>Account Number:</b> 15427929				
<b>Date:</b> 31 July 201X				
<b>Date 201X</b>	<b>Details</b>	<b>Payments £</b>	<b>Receipts £</b>	<b>Balance £</b>
1 July	Balance b/f			4,616
5 July	Counter Credit		2,500	7,116
6 July	126471	6,110		1,006
6 July	126473	2,350		**1,344
9 July	Counter Credit		3,650	2,306
10 July	DD – Direct Dial Insurance	240		2,066
11 July	126474	2,585		**519
12 July	Counter Credit		2,400	1,881
14 July	SO – Trade Subscription	120		1,761
16 July	126472	2,115		**354
16 July	Counter Credit		4,450	4,096
17 July	126476	3,760		336
20 July	Counter Credit		3,250	3,586
22 July	126478	2,820		766
22 July	126475	282		484
24 July	DD – AMBC (Rates)	480		4
25 July	Counter Credit		2,620	2,624
29 July	Counter Credit		4,840	7,464
30 July	BACS – Pillow Talk		1,200	8,664
31 July	Bank Interest and Charges	85		8,579

DD : indicates – Direct Debit  
 SO : indicates – Standing Order  
 \*\* : indicates – Overdrawn Balance

Bed Warehouse keeps its cash in a cash box which is then locked in the safe. The contents of the business's cash box were counted at the close of business on 31 July 201X, and the following is a list of the notes and coins the cash box contained:

<b>Denomination Notes &amp; Coins</b>	<b>Number in Cash Box</b>
£20 notes	18
£10 notes	3
£5 notes	3
£2 coins	2
£1 coins	2
50p coins	6
20p coins	10
10p coins	10
5p coins	10
2p coins	20
1p coins	10

- A) Complete the Cash Reconciliation Form provided below and reconcile the balance on the cash account in the cash book of Bed Warehouse at 31 July 201X, with the cash in the cash box at that date

<b>Reconciliation Cash Book Balance with Contents of Cash Box</b>			
<b>Date:</b> 31 July 201X			
<b>Denomination (Notes and Coins)</b>	<b>Quantity in Box</b>	<b>Amount</b>	
		<b>£</b>	<b>p</b>
£20 notes	18	360	00
£10 notes	3	30	00
£5 notes	3	15	00
£2 coins	2	4	00
£1 coins	2	2	00
50p coins	6	3	00
20p coins	10	2	00
10p coins	10	1	00
5p coins	10		50
2p coins	20		40
1p coins	10		10
<b>Total in cash box</b>		<b>418</b>	<b>00</b>
<b>Balance on cash account in cash book</b>		<b>418</b>	<b>00</b>
<b>Difference</b>		<b>0</b>	<b>0</b>

- B) Compare the opening balance on the bank account in the cash book of Bed Warehouse with the opening balance on the statement received from the bank and identify whether or not the two balances agree.

	<b>Yes</b> ✓	<b>No</b> ✓
<b>Does the opening balance on the bank account in the cash book agree with the opening balance on the bank statement?</b>	✓	

- C) Compare the receipt and payment transactions recorded in the bank account in the cash book of Bed Warehouse in the month of July 201X, with those recorded on the bank statement the company received for July month 201X from the bank and identify the following differences between the two sets of records.

Identify the transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in the cash book.

<b>Receipt item on bank statement but not recorded in cash book</b>
---

<b>BACS – Pillow Talk £1,200</b>
----------------------------------

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

<b>Payment items on bank statement but not recorded in cash book</b>
--

<b>DD – Direct Dial Insurance £240</b>
--

<b>S0 – Trade subscription £120</b>
-------------------------------------

<b>DD – AMBC rates £480</b>
-----------------------------

<b>Bank charges and interest £85</b>
--------------------------------------

Identify the transaction recorded as a receipt in the bank current account in the cash book, but not recorded as a receipt on the bank statement.

<b>Receipt item recorded in cash book, but not recorded on bank statement</b>
---

<b>Cash £3,880</b>
--------------------

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

<b>Payment items recorded in cash book, but not recorded on bank statement</b>
<b>Cheque 0126477 £2,632</b>
<b>Cheque 0126479 £282</b>
<b>Cheque 0126480 £3,525</b>
<b>Cheque 0126481 £4,230</b>

- D) Using the form provided below prepare the bank reconciliation statement of Bed Warehouse at 31 July 201X.

**Bed Warehouse**  
**Bank Reconciliation Statement at 31 July 201X**

<b>Balance on bank current account in cash book at 31 July 201X</b>	<b>Amount £ 1,515</b>	<b>Balance on bank statement at 31 July 201X</b>	<b>Amount £ 8,579</b>
<b>Add receipts on bank statement not in bank account in cash book</b>		<b>Add receipts in bank account in cash book not on bank statement</b>	
<b>BACS – Pillow Talk</b>	<b>£ 1,200</b>	<b>Cash</b>	<b>£ 3,880</b>
<b>Total to add</b>	<b>£ 1,200</b>	<b>Total to add</b>	<b>£ 3,880</b>
<b>Less payments on bank statement not in bank account in cash book</b>		<b>Less payments in bank account in cash book not on bank statement</b>	
<b>DD – Direct Dial Insurance</b>	<b>£ 240</b>	<b>Cheque 0126477</b>	<b>£ 2,632</b>
<b>S0 – Trade subscription</b>	<b>£ 120</b>	<b>Cheque 0126479</b>	<b>£ 282</b>
<b>DD – AMBC rates</b>	<b>£ 480</b>	<b>Cheque 0126480</b>	<b>£ 3,525</b>
<b>Bank charges and interest</b>	<b>£ 85</b>	<b>Cheque 0126481</b>	<b>£ 4,230</b>
<b>Total to subtract</b>	<b>£ 925</b>	<b>Total to subtract</b>	<b>£ 10,669</b>
<b>Adjusted bank current account balance</b>	<b>£ 1,790</b>	<b>Adjusted bank statement balance</b>	<b>£ 1,790</b>

### Question 12.8

As at 30 April 201X the Cash Book of Dale Engineering was balanced off. An extract of the cash book, showing the bank current account columns only is provided below.

<b>Dale Engineering Cash Book</b>						
<b>DR (Receipts)</b>			<b>Bank Columns Only (Payments)</b>		<b>CR</b>	
201X	Details	£	201X	Details	Cheque No	£
1 April	Balance b/f	1,952.10	1 April	Echo Advertising	132796	117.50
2 April	Cash & cheques	2,268.50	2 April	Electrical Supplies Ltd	132797	1,535.25
9 April	Cash & cheques	2,130.60	5 April	Kane & Co	132798	496.90
16 April	Cash & cheques	2,196.70	8 April	Pearl Electrical	132799	1,212.20
23 April	Cash & cheques	2,248.40	9 April	Post Office Counters	132800	150.00
30 April	Cash & cheques	2,272.80	12 April	Manor Road Garage	132801	75.00
			14 April	Piper & Sons	132802	366.50
			16 April	Contract Electrical Ltd	132803	1,888.50
			19 April	Electronic Controls Ltd	132804	1,256.90
			22 April	Penistone Stationery Ltd	132805	99.50
			26 April	D & A Electronics	132806	325.00
			29 April	Leger Tyres	132807	120.00
			30 April	Wages and salaries	BACS	1,980.80
			30 April	Balance c/d		3,445.05
	Totals	13,069.10		Totals		13,069.10
30 April	Balance b/d	3,445.05				

On 2 May 201X the following bank statement was received by Dale Engineering from the bank.

<b>EASTERN BANK PLC</b>				
<b>STATEMENT OF ACCOUNT</b>				
<b>Name of Account:</b> Dale Engineering				
<b>Account Number:</b> 23456789				
<b>Date:</b> 30 April 201X				
<b>Date 201X</b>	<b>Details</b>	<b>Payments £</b>	<b>Receipts £</b>	<b>Balance £</b>
1 April	Balance b/f			1,952.10
5 April	Counter Credit		2,268.50	4,220.60
7 April	132796	117.50		4,103.10
8 April	DD: Metro Insurance	100.00		4,003.10
12 April	Counter Credit		2,130.60	6,133.70
13 April	132797	1,535.25		4,598.45
15 April	132799	1,212.20		3,386.25
19 April	Counter Credit		2,196.70	5,582.95
20 April	132798	496.90		5,086.05
22 April	132800	150.00		4,936.05
26 April	BACS - Williams & Co		775.00	5,711.05
26 April	Counter Credit		2,248.40	7959.45
28 April	132802	366.50		7,592.95
28 April	132803	1,888.50		5,704.45
29 April	132804	1,256.90		4,447.55
30 April	Bank Charges	37.50		4,410.05
30 April	SO: Town Council	220.00		4,190.05
30 April	BACS Payment: Wages and Salaries	1,980.80		2,209.25
<b>** Indicates Overdrawn Balance</b>				

- A) Compare the opening balance on the bank account in the cash book of Dale Engineering with the opening balance on the statement received from the bank and identify whether or not the two balances agree.

	<b>Yes</b> ✓	<b>No</b> ✓
<b>Does the opening balance on the bank account in the cash book agree with the opening balance on the bank statement?</b>	✓	

- B) Compare the receipt and payment transactions recorded in the bank account in the cash book of Bed Warehouse in the month of April 201X, with those recorded on the bank statement the company received for April month 201X from the bank and identify the following differences between the two sets of records.

Identify the transaction recorded as a receipt on the bank statement, but not recorded as a receipt in the bank current account in the cash book.

<b>Receipt item on bank statement but not recorded in cash book</b>
---

<b>BACS – Williams &amp; Co £775.00</b>
---

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

<b>Payment items on bank statement but not recorded in cash book</b>
--

<b>DD – Metro Insurance £100.00</b>
-------------------------------------

<b>Bank charges £37.50</b>
----------------------------

<b>SO – Town Council £220.00</b>
----------------------------------

Identify the transaction recorded as a receipt in the bank current account in the cash book, but not recorded as a receipt on the bank statement.

<b>Receipt item recorded in cash book, but not recorded on bank statement</b>
---

<b>Cash &amp; cheques £2,272.80</b>
-------------------------------------

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

<b>Payment items recorded in cash book, but not recorded on bank statement</b>
--

<b>Cheque 132801 £75.00</b>
-----------------------------

<b>Cheque 132805 £99.50</b>
-----------------------------

<b>Cheque 132806 £325.00</b>
------------------------------

<b>Cheque 132807 £120.00</b>
------------------------------

- D) Using the form provided below prepare the bank reconciliation statement of Bed Warehouse at 30 April 201X.

**Dale Engineering**  
**Bank Reconciliation Statement at 30 April 201X**

<b>Balance on bank current account in cash book at 30 April 201X</b>	<b>Amount £ 3,445.05</b>	<b>Balance on bank statement at 30 April 201X</b>	<b>Amount £ 2,209.25</b>
<b>Add receipts on bank statement not in bank account in cash book</b>		<b>Add receipts in bank account in cash book not on bank statement</b>	
<b>BACS – Williams &amp; Co</b>	<b>£ 775.00</b>	<b>Cash &amp; cheques</b>	<b>£ 2,272.80</b>
<b>Total to add</b>	<b>£ 775.00</b>	<b>Total to add</b>	<b>£ 2,272.80</b>
<b>Less payments on bank statement not in bank account in cash book</b>		<b>Less payments in bank account in cash book not on bank statement</b>	
<b>DD – Metro Insurance</b>	<b>£ 100.00</b>	<b>Cheque 132801</b>	<b>£ 75.00</b>
<b>Bank charges</b>	<b>£ 37.50</b>	<b>Cheque 132805</b>	<b>£ 99.50</b>
<b>SO – Town Council</b>	<b>£ 220.00</b>	<b>Cheque 132806</b>	<b>£ 325.00</b>
		<b>Cheque 132807</b>	<b>£ 120.00</b>
<b>Total to subtract</b>	<b>£ 357.50</b>	<b>Total to subtract</b>	<b>£ 619.50</b>
<b>Adjusted bank current account balance</b>	<b>£ 3,862.55</b>	<b>Adjusted bank statement balance</b>	<b>£ 3,862.55</b>