

- 2 Rudra prepares bank reconciliation statements for his business at the end of each month.

REQUIRED

- (a) State **three** reasons why it is important to a business to prepare bank reconciliation statements at regular intervals.

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- 2
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- 3
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[3]

Additional information

On 31 March 2022 the balance shown in the business's cash book (bank columns) was \$3060 overdrawn. This did not agree with the balance shown on the business's bank statement on this date. The difference in the two balances was accounted for by the following:

- 1 Rudra had omitted to record a direct debit for water charges of \$442.
- 2 There were unpresented cheques: TK Stores \$482, RH Supplies \$1043.
- 3 Bank charges, \$85, appeared on the bank statement but had not yet been recorded in the cash book.
- 4 Rudra had debited the cash book with cash takings, \$893, but this had not yet been recorded by the bank.
- 5 A cheque payment to Peter, \$320, had been correctly recorded in the bank statement, but had been entered in the cash book as \$230.
- 6 The bank statement included an entry for a dishonoured cheque for \$582 received by Rudra from Jamia. No entries had been made in the cash book to record the dishonoured cheque.
- 7 An error had been made in the cash book. Interest received, \$225, had been correctly recorded in the bank statement, but had been credited in the cash book.

REQUIRED

- (b) Prepare the cash book to show the updated balance at 31 March 2022. Dates are **not** required.

Cash book (bank columns)

| | \$ | | \$ |
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[6]

- (c) Prepare a bank reconciliation statement to show the bank statement balance at 31 March 2022.

Rudra
Bank reconciliation statement at 31 March 2022

| | \$ | \$ |
|----------------------------------|----|----|
| Balance as per updated cash book | | |
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[4]

(d) Define **each** of the following terms:

(i) unpresented cheque

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..... [1]

(ii) dishonoured cheque.

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..... [1]