**2021 Confucian Private Secondary Paper 2 Question 3**

The cash book of Sinovac Sdn Bhd showed a balance of RM 400 overdrawn on 30 September 2020.The bank statement on the same date recorded RM 750 (Cr) was checked against the Cash Book and the following discrepancies were revealed:

1. Bank charges amounting to RM 125 had been made by bank.
2. An amount of RM 400 paid into bank had not been credited.
3. The bank had made a standing order for the hire purchase instalment of RM 100 which had not been recorded by the company.
4. Cheque issued to the value of RM 1,200 had not been presented for payment.
5. The bank had received a credit transfer of RM 150 for dividends due to the company. This had been overlooked by the company’s cashier.
6. A payment from Choong Marketing to Sinovac Sdn Bhd of RM 500 by direct transfer was not recorded in the Cash Book.
7. Interest on fixed deposit of RM 35 credited direct to the account by the bank had not been recorded in the Cash Book.
8. The bank returned a cheque of RM 200 marked “Refer to drawer” which had not been recorded in the cash book.
9. A cheque of RM 40 issued to Khazanah Bhd. was entered correctly in the Cash Book but had been recorded in the Bank Statement as RM 400.
10. A cheque issued to Pfizer Holding for RM 50 was entered correctly in the Bank Statement but had been recorded in the company’s books as RM 500.

**You are required to:**

Bring the Cash Book up to date and bring down the adjusted balance;

Prepare Bank Reconciliation Statement as at 30 September 2020, and state clearly whether each balance is a debit or a credit.

Explain the need to prepare Bank Reconciliation Statement.