**2022 Tsun Jin High School Paper 2 Question 3**

The Cash Book of Yew Company for the month of March 2022 is summarized below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **RM** |  | **RM** |
| Opening Balance | 1,820 | Total Payments | 29,120 |
| Total Receipts | 33,500 | Closing Balance | 6,200 |
|  | 35,320 |  | 35,320 |

In comparison with the monthly Bank Statement, the following discrepancies were found:

1. The bank had not credited with commission due to the business of RM 1,200 paid into the bank on 30 March 2022.
2. A bill payable of RM 5,800 bad been settled with the bank on maturity, but no entry was made in the Cash Book.
3. A payment to Q Charity Fund of RM 1,500 according to standing order was not recorded in the Cash Book.
4. Out of the above total payments, a cheque drawn in favor of landlord RM 1,600 had not yet been cleared for payment.
5. The bank returned a cheque of RM 720 marked ‘refer to drawer’ which had not recorded in the Cash Book.
6. A monthly direct debit payable to Z Finance Company for RM 400 was wrongly paid twice by the bank.
7. A cheque paid for electricity bill RM 230 had been entered in the Cash Book as RM 320 on the receipts side.
8. A credit transfer for personal investment proceeds of RM 2,000 had been collected by the bank.
9. Bank commission of RM 160 and dividend on quoted investment of RM 400 appeared in the Bank Statement but not in the Cash Book.
10. A cheque for RM 310 paid into the bank by the trader was credited in error by the bank as RM 370.

**You are required to:**

1. Update the Cash Book and carry forward the adjusted balance;
2. Prepare a Bank Reconciliation Statement as at 31 March 2022, and state clearly whether each balance is a debit or a credit.
3. A deposited cheque from a customer had been returned by bank due to insufficient fund. Briefly explain other two reasons why the occurrence may be caused.