**Question 1**

The following shows a summary of the Cash Book of Max Trading for the month of February 2023:

|  |  |  |  |
| --- | --- | --- | --- |
|  | RM |  | RM |
| Opening Balance | 3,350 | Total Payments | 39,250 |
| Total Receipts | 42,500 | Closing Balance | 6,600 |
|  | 45,850 |  | 45,850 |

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

1. Out of the above total payments, a cheque for RM 800 issued to pay the wages of employee had not been cleared for payment.
2. A direct debit payable to Z Charity Fund for RM 330 was omitted from the cash book.
3. A cheque drawn on trader’s household expenses amounted to RM 1,572 for the last month does not appear in the current bank account.
4. The bank had not credited with interest due to the business of RM 300 paid into the bank on 27 February 2023.
5. A credit transfer for personal investment proceeds of RM 1,000 had been collected by the bank.
6. A cheque for RM 700 had been returned unpaid due to insufficient fund.
7. A bill payable of RM 7,800 had been settled with the bank on maturity, but no entry was made in the Cash Book.

The book-keeper subsequently discovered the following errors:

1. A cheque paid for telephone bill RM 230 had been entered twice in the Cash Book.
2. A cheque of RM 880 received from a tenant was banked in but was credited in mistake by the bank as RM 808.
3. **You are required to:**
   1. Update the Cash Book and carry forward the adjusted balance;
   2. Prepare a Bank Reconciliation Statement as at 28 February 2023, and state clearly whether each balance is a debit or a credit.
4. 1. What are the reasons for reconciling the cash book balance and the bank statement balance?
   2. Direct debit is an instruction to bank to make payments of varying amounts.

Give **two** examples of using direct debit facility other than the payment stated above.