**Question 2**

On 31 July 2017, the Bank account of Chong Company as shown in the Cash Book indicated a debit balance of RM 1, 670 but this Bank Statement on the same date showed a different balance. After checking the Cash Book against the Bank Statement, the following differences were found:

1. Cheques totaling RM 1, 680 issued to creditor had not been present to the bank for payment.
2. The Bank had received from a customer a credit transfer of RM 350 .
3. Two cheques received from customers, Fuji Company RM 250 and Sam Trading RM 1,562 respectively had not yet been credited to the bank.
4. Interest on fixed deposit of RM 230 credited direct to the account by the bank had not been recorded in the Cash Book.
5. A cheque for RM 590 had been returned by the bank marked 'refer to drawer', but it had not been recorded in the Cash Book.
6. Payment for insurance RM 320 using the bank's standing order facility.
7. Chong Company account had been wrongly credited by the bank with RM200 which should be credited to Zheng Company, another account holder.
8. A cheque for RM 630 received from John had been entered as RM 360 in the Cash Book.
9. Bank charges of RM20 do not appear in the Cash Book
10. Cash banked into the value of RM610 was wrongly credited to the Bank Statement as RM 601 by the bank.

**You are required to:**

1. make the necessary entries in the Cash Book and bring down the adjusted balance.
2. draw up a statement reconciling the corrected Cash Book balance with the Bank Statement balance.
3. give three factors that cause the balance of Cash Book disagree with the balance shown in Bank Statement.