

## Bank Reconciliation

- 1 An accountant prepared a bank reconciliation statement. He discovered the following differences between the bank statement and the cash book.

- 1 an amount received from a customer by credit transfer
- 2 bank charges
- 3 unrepresented cheques

Which differences will need to be entered in the cash book to update it?

- A** 1 and 2 only    **B** 1, 2 and 3    **C** 1 and 3 only    **D** 2 and 3 only

- 2 A bank statement shows a credit balance of \$1500.

A payment of \$500 and a receipt of \$1250 were included in the cash book but have not yet appeared on the bank statement.

Bank interest payable of \$1100 had been correctly recorded in the cash book but due to a bank error had been recorded in the bank statement as \$1000.

What is the cash book balance?

- A** \$650                      **B** \$850                      **C** \$2150                      **D** \$3350

- 3 A book-keeper compared the business bank statement with the cash book. He then updated the cash book and finally prepared a bank reconciliation statement.

Why was the bank reconciliation statement prepared?

- A** to ensure no transactions had been omitted from the cash book
- B** to establish the value of unrepresented cheques
- C** to explain the difference between the cash book balance and the bank statement balance
- D** to find out if any cheques had been dishonoured

- 4 A bank reconciliation statement shows a credit balance of \$400 in the cash book and a balance in hand of \$100 in the bank statements.

The bank reconciliation statement includes unrepresented cheques of \$700 in addition to cheques banked and not yet credited in the bank statements.

What is the total of cheques banked and not yet credited?

- A** \$200                      **B** \$400                      **C** \$1000                      **D** \$1200

- 5 The table shows extracts from a business's bank reconciliation.

|  | \$          |
|--|-------------|
| balance per cash book at 31 December                     | 2075 debit  |
| balance per bank statement at 31 December                | 2250 credit |
| bank charges per bank statement not entered in cash book | 150         |
| outstanding cheques not presented at the year end        | 325         |

What is the bank balance to be shown in the financial statements?

- A** \$1600                      **B** \$1925                      **C** \$2075                      **D** \$2225

- 6 The bank column of a cash book showed a credit balance of \$5000. There were unrepresented cheques amounting to \$1500. The bank statement showed bank charges, \$700, which were not recorded in the cash book.

What is the balance on the bank statement?

- A \$4200 credit
- B \$4200 debit
- C \$5800 credit
- D \$5800 debit

- 7 Fred wishes to identify the unrepresented cheques of his business.

Which side of the cash book and which column of the bank statement does he need to compare?

|          | cash book   | bank statement |
|----------|-------------|----------------|
| <b>A</b> | credit side | credit column  |
| <b>B</b> | credit side | debit column   |
| <b>C</b> | debit side  | credit column  |
| <b>D</b> | debit side  | debit column   |

- 8 At 31 December the following information is available about a company's banking transactions.

|   | \$     |
|---|--------|
| balance at bank per bank statement          | 22 650 |
| uncleared deposits                          | 3 110  |
| unrepresented cheques                       | 6 290  |
| bank credit recorded twice by bank in error | 650    |

Which value for bank should be recorded in the statement of financial position at 31 December?

- A \$18 820
- B \$20 120
- C \$25 180
- D \$26 480

- 9 At 31 December a business provides the following information.

|                                | \$         |
|--------------------------------|------------|
| balance per the cash book      | 790 credit |
| balance per the bank statement | 800 debit  |
| unrepresented cheques          | 30         |

The only other reconciling item between the cash book and the bank statement is bank charges recorded on the bank statement but not in the cash book.

How much are the bank charges?

- A \$10
- B \$20
- C \$30
- D \$40