

GRADE 11

WEEK 2 - Lesson 4 of 4

LESSON

4

BANK RECONCILIATION

WORKSHEET 4

PREPARING A BANK RECONCILIATION STATEMENT
compare cash journals with the bank statement

EXAMPLE 1

REQUIRED

- Compare the bank statement with the cash journals and make supplementary entries where necessary.
- Close off the journals and post to the Bank account in the General Ledger.
- Prepare the Bank Reconciliation Statement on 31 August 2013.

INFORMATION

The Cash Receipt Journal, Cash Payment Journal and Bank statement of Sun Traders for August 2013 are given.

Unfavourable balance according to the Bank account on 1 August 2013 was R8 877.

XYZ BANK
BANK STATEMENT OF sun TRADERS

Description	Credits (+)(deposits) Debits (-)(cheques, etc)	Date	Balance
Balance brought forward		01-08-2013	8 877-
Credit	7 350 +	01-08-2013	1 527-
Cheque 401	275 -	02-08-2013	1 802-
Cheque 402	189 -	02-08-2013	1 991-
Cheque 404	5 320 -	05-08-2013	7 311-
Cheque 403	6 600 -	05-08-2013	13 911-
Interest on overdraft	115 -	06-08-2013	14 026-
Unpaid cheque	310 -		14 336-
Credit	7 960 +	08-08-2013	6 376-
Service fee	78 -	09-08-2013	6 454-
Cheque 405	1 140 -		7 594-
Levy on debit transactions	9 -	12-08-2013	7 603-
Also Insurance Company	220 -	14-08-2013	7 823-
Credit	7 080 +		743-
Cheque 406	6 585 -	15-08-2013	7 328
Cheque 407	3 710 -		11 038-
Credit	13 000 +	21-08-2013	1 962
Cheque 408	1 320 -	22 -08-2013	642
Credit card levy	22 -	30-08-2013	620

Notes



- 1 The **unpaid cheque** was received from A Adams on 1 August and dishonoured on account of insufficient funds.
- 2 The payment of R220 to Also Insurance Company on 14 August is for a **stop order** for the insurance premium.

CASH RECEIPT JOURNAL OF SUN TRADES FOR AUGUST 2013

Doc	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts		
									Amount	f	Details
701	1	C Cohen	260				280	20			
702		A Adams	310				340	30			
		Sales	6 780	7 350	6 780	4 840					
703	8	M Moore	150				160	10			
704		L Louw	360				390	30			
		Sales	7 450	7 960	7 450	5 160					
705	15	M Milner	400				440	40			
		Sales	6 680	7 080	6 680	4 760					
706	22	W Wallis	280				310	30			
		Sales	12 720	13 000	12 720	9 250					
707	31	S Smit	350				385	35			
		Sales	9 870	10 220	9 870	7 170					
		Totals		45 610	43 500	31 180	2 305	195			

CASH PAYMENT JOURNAL OF SUN TRADES FOR AUGUST 2013

Doc	day	Details	Bank	Trading stock	Stationery	Wages	Debtors control	Creditors control	Discount received	Sundry accounts		
										Amount	f	Details
401	1	City Council	275							275		Water & electricity
402		Telkom	189							189		Telephone
403	3	Brooks Ltd	6 600	5 360	1 240							
404	4	Miller & Son	5 320					5 600	280			
405	10	Cash	1 140			1 140						
406	15	Bring Traders	6 585	6 585								
407	20	Baloyi and Son	3 710							3 710		Repairs
408	25	Cash	1 320			1 320						
409	26	Moore & Co	4 455					4 700	245			
410	31	ABD Ltd	1 235		1 235							
411	31	Lewis Ltd	13 500	13 500								
		Totals	44 329	25 445	3 475	2 460		10 300	525	4 174		

PROCEDURE	
1	<p>Compare the following:</p> <ul style="list-style-type: none"> • bank column of the CRJ • the credits (deposits) of the bank statement. <p>Tick off items that match.</p>
2	<p>Compare the following:</p> <ul style="list-style-type: none"> • bank column of the CPJ • the debits of the bank statement. <p>Tick off items that match.</p>
3	Circle  the amounts on the bank statement that do not appear in the cash journals.
4	Circle  the amounts in the cash journals that do not appear in the bank statement.
5	<p>Recording All transactions that do not appear in the journals, must be entered into the journals.</p>
	<p>All transactions that do not appear in the journals, must be entered into the journals.</p> <p><u>The following do not appear in the Cash journals.</u> Interest on overdraft – R115 (enter in CPJ) Insurance – R220 (enter in CPJ) Bank charges – R109 (enter in CPJ) (Add all the bank charges – enter only the total: R78 + R9 + R22 = R109).</p>
6	Close off the journals and post to the Bank account in the General Ledger.
7	<p>Enter the bank balance in the Bank account – it is an unfavourable balance of R8 877 – therefore it is a credit balance /overdraft.</p> <p>Close off the account and calculate the bank balance at the end of the month.</p>
8	<p>All transactions that do not appear in the bank statement must now be entered into the Bank Reconciliation Statement (all outstanding deposits and outstanding cheques)</p>
	<p>All transactions that do not appear in the bank statement must now be entered into the Bank Reconciliation Statement</p> <p><u>The following do not appear in the Bank Statement:</u> Deposit – R10 220 Cheque 409 – R4 455 Cheque 410 – R1 235 Cheque 411 – R13 500</p>
9	Enter the balance according to the bank statement in the Bank Reconciliation Statement. It is a credit balance of R620.

ANSWER**1 TICK OFF ALL CORRESPONDING ITEMS****XYZ BANK
BANK STATEMENT OF SUN TRADERS**

Description	Credits (+)(deposits) Debits (-) (cheques, etc)	Date	Balance
Balance brought forward		01-08-2013	8 877-
Credit	✓7 350 +	01-08-2013	1 527-
Cheque 401	✓275 -	02-08-2013	1 802-
Cheque 402	✓189 -	02-08-2013	1 991-
Cheque 404	✓5 320 -	05-08-2013	7 311-
Cheque 403	✓6 600 -	05-08-2013	13 911-
Interest on overdraft	115 -	06-08-2013	14 026-
Unpaid cheque	310 -		14 336-
Credit	✓7 960 +	08-08-2013	6 376-
Service fee	## 78 -	09-08-2013	6 454-
Cheque 405	✓1 140 -		7 594-
Levy on debit transactions	## 9 -	12-08-2013	7 603-
Also Insurance Company	220 -	14-08-2013	7 823-
Credit	✓7 080 +		743-
Cheque 406	✓6 585 -	15-08-2013	7 328
Cheque 407	✓3 710 -		11 038-
Credit	✓13 000 +	21-08-2013	1 962
Cheque 408	✓1 320 -	22 -08-2013	642
Credit card levy	## 22 -	30-08-2013	620

##Add all bank charges:

$$R78 + R9 + R22 = R109$$

2 Circle the amounts which do not appear in the cash journals

(The **shaded** amounts are these which do not appear in the cash journals.)

CASH RECEIPT JOURNAL OF SUN TRADES FOR AUGUST 2013

Doc	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts		
									Amount	f	Details
701	1	C Cohen	260				280	20			
702		A Adams	310				340	30			
		Sales	6 780	7 350✓	6 780	4 840					
703	8	M Moore	150				160	10			
704		L Louw	360				390	30			
		Sales	7 450	7 960✓	7 450	5 160					
705	15	M Milner	400				440	40			
		Sales	6 680	7 080✓	6 680	4 760					
706	22	W Wallis	280				310	30			
		Sales	12 720	13 000✓	12 720	9 250					
707	31	S Smit	350				385	35			
		Sales	9 870	10 220	9 870	7 170					
		Totals		45 610	43 500	31 180	2 305	195			

CASH PAYMENT JOURNAL OF SUN TRADES FOR AUGUST 2013

Doc	day	Details	Bank	Trading stock	Stationery	Wages	Debtors control	Creditors control	Discount received	Sundry accounts		
										Amount	f	Details
401	1	City Council	275✓							275		Water & electricity
402		Telkom	189✓							189		Telephone
403	3	Brooks Ltd	6 600✓	5 360	1 240							
404	4	Miller & Son	5 320✓					5 600	280			
405	10	Cash	1 140✓			1 140						
406	15	Bring Traders	6 585✓	6 585								
407	20	Baloyi & Son	3 710✓							3 710		Repairs
408	25	Cash	1 320✓			1 320						
409	26	Moore & Co	4 455					4 700	245			
410	31	ABD Ltd	1 235		1 235							
411	31	Lewis Ltd	13 500	13 500								
		Totals	44 329	25 445	3 475	2 460		10 300	525	4 174		

3 Circle the amounts in the cash journals that do not appear in the bank statement

OUTSTANDING DEPOSITS

Deposits made by the business which do not appear on the bank statement. These are usually deposits made at the end of the month and will appear in the next bank statement.

See the CRJ – the amount of R10 220 does not appear in the bank statement.

This amount must now be credited in the bank reconciliation statement.

CHEQUES NOT YET PRESENTED FOR PAYMENT.

Cheques were issued but the payee has not yet presented it to the bank for payment – therefore it is outstanding.

See the CPJ – the following cheques are still outstanding:

R4 455
R1 235
R13 500

These cheques must be shown on the debit side of the bank reconciliation statement.

4 RECORDING

All transactions that do not appear in the journals, must be entered into the journals.

The following do not appear in the Cash journals.

- Interest on overdraft – R115 (enter in CPJ)
 - Insurance – R220 (enter in CPJ)
 - Bank charges – R109 (enter in CPJ)
- (Add all the bank charges - enter only the total: $R78 + R9 + R22 = R109$).

CASH RECEIPT JOURNAL OF SUN TRADES FOR JANUARY 2013

Doc	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts		
									Amount	f	Details
	31	Totals		45 610	43 500	31 180	2 305	195			
				45 610	43 500	31 180	2 305	195			

CASH PAYMENT JOURNAL OF SUN TRADES FOR JANUARY 2013

Doc	day	Details	Bank	Trading stock	Stationery	Wages	Debtors control	Creditors control	Discount received	Sundry accounts		
										Amount	f	Details
	31	Totals	44 329	25 445	2 475	2 460		10 300	525	4 174		
		XYZ Bank	109							109		Bank charges
		XYZ Bank	115							115		Interest on overdraft
		A Adams	310				310					
		Also Ins Co	220							220		Insurance
			45 083	25 445	2 475	2 460	310	10 300	525	4 618		

5 POST TO THE BANK ACCOUNT

GENERAL LEDGER OF SUN TRADERS

BANK

2013	Aug	31	Total receipts		45 610	2013	Aug	31	Balance	b/d	8 877
			Balance	c/d	8 350			31	Total payments		45 083
					53 960						53 960
						Sep		1	Balance	b/d	8 350

bank
balance
should
be the same

6 PREPARE THE BANK RECONCILIATION STATEMENT

BANK RECONCILIATION STATEMENT ON 31 AUGUST 2013

	DEBIT	CREDIT
Credit balance according to the Bank Statement		620
Credit outstanding deposit		10 220
Debit outstanding cheques (those not yet through the bank / not yet presented for payment)		
	4 455	
	1 235	
	13 500	
Credit balance according to the Bank account		8 350
	19 190	19 190

ACTIVITY 1

PREPARING A BANK RECONCILIATION STATEMENT

compare cash journals with the bank statement

(including dishonoured cheque, direct deposit, debit order, stop order)

REQUIRED

- Compare the bank statement with the cash journals and make supplementary entries where necessary.
- Close off the journals and post to the Bank account in the General Ledger.
- Prepare the Bank Reconciliation Statement on 31 July 2011.

INFORMATION

The Cash Receipt Journal, Cash Payment Journal and Bank statement of BBC Traders for July 2011 are given.

On 1 July 2011 the bank account of BBC Traders showed a debit balance of R9 876.

XYZ BANK BANK STATEMENT OF BBC TRADERS

Description	Credits (+)(deposits) Debits (-)(cheques, etc)	Date	Balance
Balance brought forward		01-07-2011	9 876
Cheque 441	815+-	02-07-2011	9 061
Credit	7 145+	02-07-2011	16 206
Cheque 443	1 800-	07-07-2011	14 406
Cheque 442	5 080-	08-07-2011	9 326
Credit	4 800+	09-07-2011	14 126
Debit order	715-	10-07-2011	13 411
Credit	7 274+	10-07-2011	20 685
Cheque 444	4 400-	11-07-2011	16 285
Cheque 445	3 370-	12-07-2011	12 915
Cheque 446	2 000-	14-07-2011	10 915
Credit	7 795+	16-07-2011	18 710
Cheque 448	5 500-	19-07-2011	13 210
Cheque 449	2 200-	21-07-2011	11 010
Service fees	195-	22-07-2011	10 815
Cheque 447	1 880-	23-07-2011	8 935
Stop order	580-	24-07-2011	8 355
Credit	8 132+	24 -07-2011	16 487
Cash deposit fees	96-	25-07-2011	16 391
Cheque 450	4 420-	26-07-2011	11 971
Unpaid cheque	172-	26-07-2011	11 799
Cheque 452	2 400-	28-07-2011	9 399
Cheque 451	3 850-	29-07-2011	5 549
Credit card levies	78-	30-07-2011	5 471
Interest	112+	31-07-2011	5 583

Notes

- 1 The unpaid cheque was received from H Hill and dishonoured on account of insufficient funds.
- 2 The deposit on 9 July was for rent paid by the tenant, K Selepe, into the bank account of BBC Traders
- 3 The debit order on 10 July was for water and electricity paid to the Council.
- 4 The stop order on 24 July was for the monthly insurance premium paid to Apex Insurers

CASH RECEIPT JOURNAL OF BBC TRADES FOR AUGUST 2011

Doc	Day	Details	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts		
									Amount	f	Details
414	2	A Adams	320				340	20			
415		B Minter	285				300	15			
		Sales	6 540	7 145	6 540	4 100					
416	9	C Cohen	164				172	8			
417		A Ayaya	224				236	12			
		Sales	6 886	7 274	6 886	4 220					
418	16	F Frost	335				335				
		Sales	7 460	7 795	7 460	4 640					
419	23	G Masheane	280				295	15			
420		H Hill	172				180	8			
		Sales	7 680	8 132	7 680	4 750					
421	31	I Isaacs	340				360	20			
		Sales	8 860	9 200	8 860	5 330					
		Totals		39 546	37 426	23 040	2 218	98			

CASH PAYMENT JOURNAL OF BBC TRADES FOR AUGUST 2011

Doc	day	Details	Bank	Trading stock	Stationery	Wages	Debtors control	Creditors control	Discount received	Sundry accounts		
										Amount	f	Details
441	1	Telkom	815							815		Telephone
442	4	Howard & Co	5 080	4 840	240							
443	7	Cash	1 800			1 800						
444	10	Watt Suppliers	4 400					4 600	200			
445	11	Lubishi & Co	3 370	3 370								
446	14	Cash	2 000			2 000						
447	17	Goolam Ltd	1 880		1 880							
448	19	Williams & Son	5 500							5 500		Equipment
449	21	Cash	2 200			2 200						
450	23	Jack & Son	4 420					4 620	200			
451	24	Melrose Ltd	3 850	3 000	850							
452	28	Cash	2 400			2 400						
453	30	Goolam Ltd	960	800	160							
454	31	Lubishi & Co	2 790					3 000	210			
		Totals	41 465	12 010	3 130	8 400		12 220	610	6 315		

ANSWER

CASH RECEIPT JOURNAL OF BBC TRADERS FOR JULY 2011

doc	day	Details	Bank	Sundry accounts	
				amount	f
	31	Totals	39 546		

CASH PAYMENT JOURNAL OF BBC TRADERS FOR JULY 2011

doc	day	Details	Bank	Debtors control	Sundry accounts	
					amount	f
	31	Totals	41 465		6 315	

GENERAL LEDGER OF BBC TRADERS

BANK

BANK RECONCILIATION STATEMENT ON 31 JULY 2011

	DEBIT	CREDIT

ANSWERS

LESSON 4

ACTIVITY 1

CASH RECEIPT JOURNAL OF BBC TRADERS FOR JULY 2011

doc	day	details	Bank	Sundry accounts	
				amount	f details
	31	Totals	39 546		
		XYZ Bank	112	112	Interest on current account
		K Selepe	4 800	4 800	Rent income
			44 458	4 912	

CASH PAYMENT JOURNAL OF BBC TRADERS FOR JULY 2011

	day	details	Bank	Debtors control	Sundry accounts	
					amount	details
	31	Totals	41 465		6 315	
		XYZ Bank	369		369	Bank charges
		Council	715		715	Water & electricity
		Apex Insurance	580		580	Insurance
		H Hill (R/D cheque)	172	172		
			43 301	172		

GENERAL LEDGER OF BBC TRADERS

BANK

2011					2011			
Jul	31	Balance	b/d	9 876	Jul	31	Total payments	43 301
		Total receipts		44 458		31	Balance	11 033
				54 334				54 334
Aug	1	Balance	b/d	11 033				

BANK RECONCILIATION STATEMENT ON 31 JULY 2011

	DEBIT	CREDIT
Credit balance according to the Bank Statement		5 583
Credit outstanding deposit		9 200
Debit outstanding cheques		
No 453	960	
No 454	2 790	
Debit balance according to the Bank account	11 033	
	14 783	14 783