

# IGCSE Accounting Cash Book & Petty Cash Book

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(a) A bank statement showed a credit balance of \$300 on 31 March. On that date unpresented cheques amounted to \$120.

What was the cash book balance on 31 March?

- A \$180 credit
- B \$180 debit
- C \$420 credit
- D \$420 debit

(b) Pedro spent \$8410 buying a new vehicle. The invoice showed

	\$
Vehicle	8000
Number plates	50
Insurance for 24 months	360

How much was the capital expenditure?

- A \$8050
- B \$8180
- C \$8230
- D \$8360

(c) Samuel buys a new computer and pays the following amounts.

	\$
Computer system	8000
Ink cartridges	350
5 year maintenance contract	1200
Delivery cost	70

How much is capital expenditure?

- A \$8070
- B \$8240
- C \$8420
- D \$9620

1 Kuda Maposa maintains a petty cash book using the imprest system.

REQUIRED

(a) State one advantage of the imprest system of petty cash.

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On 1 March 2015 the balance of Kuda Maposa's petty cash book was \$100 which was equal to the amount of the imprest.

Her transactions for the month of March 2015 were as follows.

		\$
March 6	Paid for postage costs	13
11	Bought tea and coffee	5
14	Purchased stationery	27
18	Paid T Masuka, a credit supplier	15
21	Received refund for damaged stationery	10
26	Paid window cleaner	12
29	Paid P Zhonga, a credit supplier	16

REQUIRED

(b) Enter these transactions in Kuda Maposa's petty cash book on the page opposite.

Balance the petty cash book and bring down the balance on 1 April 2015.



**(c) (i)** State the amount required to restore the imprest on 1 April 2015.

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**(ii)** Name the account which would be credited with this amount.

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**(iii)** Name the ledger account in which the transaction of 21 March would be recorded.

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**2** On 31 January 2015 David Jones balanced his cash book and brought down a debit balance of \$114 on 1 February. The bank statement showed a credit balance of \$154 on 31 January 2015.

A comparison of the cash book and the bank statement revealed the following.

	\$
1 Items appearing only in the cash book	
Cash from sales paid into the bank on 28 January	235
Cheque paid to M Sharp, a credit supplier	490
2 Items appearing only on the bank statement	
Bank charges	62
Cheque received from K Taylor, a credit customer, dishonoured	143
Insurance premium paid by standing order	40
Interest on deposit account paid directly into the bank	130
3 The total of the debit side of the cash book had been overcast	100

#### REQUIRED

**(a)** Update the cash book of David Jones. Bring down the updated bank balance on 1 February 2015.

David Jones  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$
2015 Feb 1	Balance b/d	114	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

**(b)** Prepare a bank reconciliation statement for David Jones at 31 January 2015.

David Jones  
Bank Reconciliation Statement at 31 January 2015

	\$	

**(c) (i)** State whether the cash book balance or the bank statement balance should be shown in David Jones' statement of financial position at 31 January 2015.

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**(ii)** Give a reason for your answer in (i).

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**(d)** State two reasons why David Jones' bank manager would be interested in his financial statements.

1 \_\_\_\_\_

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2 \_\_\_\_\_

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**3** John is a trader. On 1 February his bank account had a debit balance of \$450. The following transactions then took place.

- February 1 Bought goods, \$600, on credit from Abdul.
- 2 Made cash sales of goods, \$150, cost \$90.
- 3 Paid cash, \$100, into the bank.
- 4 Took drawings, \$50, in cash.
- 5 Sold goods, cost \$300, on credit to Sara for \$510.
- 6 Paid Abdul in full by cheque.

**(a)** Prepare John's cash book (bank columns only) for the first week of February. Balance the cash book and bring down the balance on 8 February.

John  
Cash book (bank columns)

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

(b) Identify the transaction which reduced John's capital.

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4 Paul Chew is a trader. He made the following entries in his cash book in September 2015.

Paul Chew  
Cash Book for September 2015

Sept	Discount	Cash	Bank	Sept	Discount	Cash	Bank
	\$	\$	\$		\$	\$	\$
1 Balances b/d		30	117	4 W Law			
11 Bank		70		(dishonoured			
27 Sales		20	560	cheque)			90
30 Yeung & Co	3		267	11 Cash			70
				19 General		80	
				expenses			
				24 K Tan	13		507

REQUIRED

(a) (i) Suggest one reason why the cheque on 4 September was dishonoured.

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(ii) Explain the entry on 11 September.

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(iii) Explain the entry on 27 September.

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(iv) Calculate the percentage of the discount on 24 September.

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(v) State how the total of the discount column on the debit side of the cash book would be entered in the ledger on 30 September.

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(vi) Calculate the bank balance on 30 September.

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On 30 September 2015 Paul Chew's bank statement showed an overdrawn balance of \$43.

On comparing the bank statement and the cash book it was found that the bank had not recorded the transactions shown in the cash book on the following dates:

- 24 September
- 27 September
- 30 September

**REQUIRED**

**(b)** Prepare a bank reconciliation statement at 30 September 2015.

Paul Chew  
Bank Reconciliation Statement at 30 September 2015

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- 4 Shahid Ayub is a trader who maintains a full set of accounting records including a three column cash book.

On 1 August 2015 Shahid Ayub had the following balances in his cash book:

	\$
Cash	50
Bank overdraft	7150

Shahid Ayub's transactions for August 2015 included the following.

August 9	A cheque received in July for \$362 from El Nil Supply Company was dishonoured by the bank
18	Paid \$54 by cheque for fuel of private motor vehicle
24	Received a cheque from Mariam Soliman to settle her debt of \$520, less 2½% cash discount
30	Cash sales, \$3224
31	Paid all the remaining cash into the bank except \$100

**REQUIRED**

**(a)** Complete Shahid Ayub's cash book on the page opposite.

Balance the cash book and bring down the balances on 1 September 2015.



- 5 Elliott started a business selling machinery on 1 May 2015. He opened a business bank account with \$12 000 of his own money and transferred his own vehicle to be retained and used in the business at a valuation of \$1800.

He provided the following summary of the transactions in the first month of trading.

Paid \$3000 by standing order for three months' rent.

Bought 6 machines at \$300 each and 8 machines at \$400 each, paying by credit transfer.

Sold 5 of the cheaper machines for \$450 each in cash.

Sold 6 of the more expensive machines for \$700 each receiving the funds by cheque.

Withdrew \$3600 from the bank as drawings.

Paid sundry expenses, \$150, in cash.

Paid cash, \$2000, into the bank.

Used, but did not pay for, electricity, \$80.

### **REQUIRED**

- (a) Prepare Elliott's cash book for May 2015. Balance the cash book and bring down the balances on 1 June 2015. The cash book is on the opposite page.





**(d)** Suggest one reason, based on your answer to (c), why Elliott might face financial difficulties in the future.

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**6** Give one example of each of the following.

**(a)** An item in the cash book not in the bank statement

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**(b)** An item in the bank statement not in the cash book.

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**7** The total of the discount received column of the cash book, \$80, was posted in error to the credit side of the discount allowed account.

Which entries correct this error?

	debit account(s)	\$	credit account(s)	\$	
<b>A</b>	discount allowed	80	discount received	80	<input type="checkbox"/>
<b>B</b>	discount allowed suspense	80 80	discount received	160	<input type="checkbox"/>
<b>C</b>	discount allowed	160	discount received suspense	80 80	<input type="checkbox"/>
<b>D</b>	discount received	80	discount allowed	80	<input type="checkbox"/>

**8** Zameer’s purchases journal for the week ended 28 February 2017 was as follows:

Zameer  
Purchases Journal

Date	Name	\$
Feb 22	Qasim	500
25	Farid	270
27	Qasim	190
		<u>960</u>

Zameer’s cash book recorded a payment, \$1800, made on 25 February by credit transfer. This payment was for rent for the three months ending 30 April 2017.

**REQUIRED**

(a) Name the type of book of which the cash book and the purchases journal are examples.

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(b) Prepare the following ledger accounts in the books of Zameer. Balance the accounts and where necessary show any balance brought down on 1 March 2017.

Zameer  
Purchases account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Rent payable account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

(c) State whether Zameer’s payments were capital expenditure or revenue expenditure.

Purchases \_\_\_\_\_  
 Rent \_\_\_\_\_

(d) (i) Give one example of a revenue receipt.

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(ii) Give one example of a capital receipt.

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9 Yeo is a trader. On 30 April 2017 his cash book showed cash in the bank, \$2890. When he compared this with the bank statement balance at the same date he found the following.

- a) A credit transfer for \$340, paid by Yeo, had been recorded in his cash book as \$430.
- b) Bank charges, \$50, were shown on the bank statement but had not been recorded in the cash book.
- c) A cheque to a supplier, \$400, had not been presented.
- d) A cheque paid into the bank, \$180, had not yet been credited.
- e) A cheque, \$200, received from a customer, had been dishonoured.

These items accounted for the difference between the cash book balance and the bank statement balance.

**REQUIRED**

**(a)** State what is meant by a bank statement.

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**(b)** State which two items 1 to 5 resulted from timing differences.

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**(c)** Calculate the bank balance in the cash book after it had been updated.

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**(d)** Prepare Yeo's bank reconciliation statement at 30 April 2017.

Yeo  
Bank Reconciliation Statement at 30 April 2017

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(e) State the amount for bank which would appear in Yeo's statement of financial position at 30 April 2017. Name the section of the statement of financial position in which it would be shown.

Amount \$ \_\_\_\_\_  
Section \_\_\_\_\_

(f) State one reason why a cheque may be dishonoured.

\_\_\_\_\_  
\_\_\_\_\_

(g) Name one method, other than preparing a bank reconciliation statement, which Yeo could use to check for errors in his books of account.

\_\_\_\_\_  
\_\_\_\_\_

10 Amjad is a furniture wholesaler. He maintains a three column cash book.

On 1 March the bank column of his cash book showed a debit balance brought down of \$2750. On the same day the bank statement showed a credit balance of \$2750.

**REQUIRED**

(a) State why the bank statement balance is on the opposite side to that shown in the cash book.

\_\_\_\_\_  
\_\_\_\_\_

The following transactions took place in March 2017.

March 6 Paid \$950 by cheque. This included \$790 for a new computer system, and the balance was for repairs to existing office equipment

13 Received a cheque from XY Limited for \$196 to settle its account after deducting 2% cash discount

21 Paid Furniture Store a cheque for \$351 in full settlement of the balance owing of \$360

29 Made cash sales, \$2148

30 Paid cash into bank, \$2000

Amjad received his bank statement for March 2017.

The following items appeared on the bank statement but had not been recorded in his accounting records.

	\$
Bank charges	29
Insurance paid directly by the bank	50
A credit customer, Idris, had paid his account by credit transfer	474



Amjad wishes to compare his financial statements with those of another furniture wholesaler. He has been told that financial statements have limitations and will not reveal everything about the other business.

**REQUIRED**

**(d)** Explain why Amjad should consider the following when he is looking at the financial statements of the other business.

**(i)** Historical cost \_\_\_\_\_

**(ii)** Non-financial aspects \_\_\_\_\_

**11** Shiromi is a trader in office equipment. She maintains a full set of accounting records. Shiromi made the following entries in her cash book, purchases journal and purchases returns journal in April 2017.

		Shiromi Cash Book				Shiromi Cash Book		
		Cash	Bank			Discount Received	Cash	Bank
		\$	\$			\$	\$	\$
April				April				
	1 Balances b/d	90	2 954	4	Rent and rates			495
	21 Sales	600	6 000	10	Motor vehicle			5 500
	30 Balance c/d		3 785	18	Lincy	66		3 234
				24	Gail	90		3 510
				26	Drawings		150	
				30	Balance c/d		540	
		<u>690</u>	<u>12 739</u>			<u>156</u>	<u>690</u>	<u>12 739</u>

		Shiromi Purchases Journal	
		\$	\$
April	5 Lincy Goods	4825	
	Less Trade discount	<u>965</u>	3860
	16 Gail Goods	4800	
	Less Trade discount	<u>1200</u>	<u>3600</u>
	30 Total for month		<u>7460</u>

		Shiromi Purchases Returns Journal	
		\$	\$
April	7 Lincy Goods	700	
	Less Trade discount	<u>140</u>	<u>560</u>
	30 Total for month		<u>560</u>

**REQUIRED**

**(a)** Enter the transactions for April in the following ledger accounts. It is not necessary to balance or total any of the accounts.

Shiromi  
General Ledger

Rent and rates account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Motor vehicle account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Sales account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Drawings account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Purchases account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Purchases returns account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Discount received account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Purchases Ledger  
Lincy account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Gail account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

- 11 A trader compared his cash book (bank column), which had a debit balance of \$70, with his bank statement. He found that bank charges, \$10, had not been recorded in his books, and that a cheque for \$18 which he had issued had not been presented.

What was the balance on his bank statement?

- A \$62 credit
- B \$62 debit
- C \$78 credit
- D \$78 debit


- 12 On 1 February 2017 Simran had the following transactions.

- 1 Took cash, \$100, as drawings.
- 2 Paid remaining cash into the bank.
- 3 Transferred her private motor vehicle, value \$2500, to the business.
- 4 Sent a cheque, \$48, to Neel, a credit supplier. Simran received 4% cash discount when making this payment.
- 5 Paid wages, \$350, for January 2017, by credit transfer.

REQUIRED

(a) Complete the following table stating the double entry needed to record each transaction. The first has been completed as an example.

	account debited	\$	account credited	\$
1	<i>drawings</i>	100	<i>cash</i>	100
2				
3				
4				
5				

(b) Identify the following:

- (i) the transaction which increased profit and Simran's capital  
Transaction number \_\_\_\_\_
- (ii) the transaction which increased Simran's capital but not profit  
Transaction number \_\_\_\_\_
- (iii) the transaction which increased working capital.  
Transaction number \_\_\_\_\_

**(c)** State where the wages owed at 31 January 2017 were shown in the statement of financial position. Name the item and the section.

Item \_\_\_\_\_

Section \_\_\_\_\_

**(d)** Prepare the bank column of the cash book on 1 February 2017. Bring down the balance on 2 February.

Simran  
Cash book (bank column only)

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

**13** Mandeep is a trader who maintains a full set of accounting records including a three column cash book.

His transactions for December 2016 included the following:

- December 4     Paid \$387 by cheque for repairs to office equipment
- 11     Received a cheque from Jabin to settle his account of \$300 less 2% cash discount
- 15     Paid a cheque, \$702, to Rama, after deducting a cash discount of 2½%
- 27     Made cash sales, \$6795
- 29     Withdrew cash, \$5000, for personal use
- 31     Paid all the cash into the bank except \$200

**REQUIRED**

**(a)** Complete Mandeep’s cash book on the page opposite.

Balance the cash book and bring down the balances on 1 January 2017.



**(b)** Update the bank columns of Kang-Dae’s cash book on 1 June 2017. Balance the cash book and bring down the balance.

Kang-Dae  
Cash book (bank columns only)

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

**(c)** Prepare the bank reconciliation statement at 1 June 2017.

Kang-Dae  
Bank reconciliation statement at 1 June 2017

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**(d)** State two differences between a bank overdraft and a bank loan.

1 \_\_\_\_\_

2 \_\_\_\_\_

(e) Name the section of the statement of financial position where a 5-year bank loan would appear.

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- 15 Saffie is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount is \$150. All payments below \$100 are made from petty cash.

Saffie had the following transactions in September 2017.

- September 1 Petty cash imprest restored from the business bank account  
3 Paid taxi fare, \$12  
7 Paid \$461 by cheque for repairs to office machinery  
11 Purchased office stationery, \$64  
15 A cheque for \$210 received from SL Stores in August was dishonoured by the bank  
21 Paid Faariqa, a credit supplier, \$29  
26 Received a cheque from Thushari, \$392, in settlement of the amount due less 2% cash discount  
24 Cash sales, \$4840, of which \$4800 was immediately paid into the bank  
25 Paid Sopitha's account of \$480 after deducting a cash discount of 2½%  
26 Paid postage, \$22

### REQUIRED

(a) Record the above transactions in the following books which appear on the next page. Balance each book and bring down the balances on 1 October 2017.

- (i) Petty cash book
- (ii) Cash book



On 30 September 2017 Saffie's bank statement showed an overdraft of \$4649. She compared the cash book with her bank statement and found that the bank had not recorded the transactions shown in the cash book on the following dates.

September 26  
28  
29

In addition, the bank had debited Saffie's business bank account with \$50 which should have been debited to her personal bank account.

**REQUIRED**

**(b)** Prepare a bank reconciliation statement at 30 September 2017.

Saffie  
Bank Reconciliation Statement at 30 September 2017

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**16** Meena is a trader. On 31 December 2017 Meena's cash book (bank columns) showed an overdrawn balance of \$2450. The balance on the bank statement at the same date was \$2623 debit. Meena checked the cash book against the bank statement and discovered the following differences.

- 1 Cash sales, \$362, paid into the bank on 31 December, did not appear on the bank statement.
- 2 Interest charged by the bank, \$20, had not been recorded in the cash book.
- 3 A cheque for \$94 from a customer, Anjana, had been paid into the bank but had been returned as dishonoured.
- 4 The bank had received \$140 by credit transfer from Rohan, a customer, which had been omitted from the cash book.
- 5 Cheques totalling \$198, issued by Meena, had not been presented for payment.
- 6 The bank had paid a standing order, \$35, to a supplier on 30 December by mistake.

**REQUIRED**

**(a)** Update Meena's cash book (bank columns) at 31 December 2017. Bring down the updated balance on 1 January 2018.

Meena  
Cash book (bank columns)

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....



Meena maintains a petty cash book using the imprest system. The amount of the imprest is \$200.

During the month of December Meena paid the following expenses from petty cash.

	\$
Stationery	18
Taxi fares	5
Office tea and biscuits	4

**REQUIRED**

**(e)** Explain the meaning of the 'imprest system'.

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**(f)** State the double entry to record the reimbursement to the petty cash imprest on 1 January 2018.

debit entry	\$	credit entry	\$

**17** Amira owns an advertising agency. Her financial year ends on 30 April.

On 1 April 2018 she decided to use a petty cash book with a monthly imprest of \$80 which would be restored on the first day of each month.

**REQUIRED**

**(a)** State one reason for using a petty cash book.

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**(b)** State one advantage of the imprest system of petty cash.

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(d) Complete the following table to show the double entry to restore the petty cash imprest on 1 May 2018.

debit	\$	credit	\$

(e) Show the entry which would be made in the computer supplies account in April 2018. It is not necessary to close or balance the account.

Amira  
Computer supplies account

Date	Details	\$	Date	Details	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

Amira balanced her cash book on 30 April 2018. The bank column showed that she had \$17 620 in the bank.

On the same date the bank statement showed a different balance.

REQUIRED

(f) State two reasons for preparing a bank reconciliation statement.

Reasons \_\_\_\_\_

\_\_\_\_\_

1 \_\_\_\_\_

\_\_\_\_\_

2 \_\_\_\_\_

\_\_\_\_\_

A comparison of the cash book and the bank statement revealed the following.

	\$
1 Items appearing only on the bank statement	
Bank charges	28
Dishonoured cheque, Jabir	153
Business rates paid by direct debit	95
2 Items appearing only in the cash book	
Cheque received from Shadya	824
Cheque paid to Abasi	1075
3 Debit side of cash book was undercast	100

**REQUIRED**

**(g)** Update the cash book of Amira found on the next page.

Bring down the updated balance on 1 May 2018.

Amira  
Cash Book (bank columns only)

Date 2018	Details	\$	Date	Details	\$
April 30	<i>Balance b/d</i>	17 620	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

**(h)** Prepare a bank reconciliation statement for Amira at 30 April 2018 to determine the balance shown on the bank statement.

Amira  
Bank Reconciliation Statement at 30 April 2018

	\$

- (i) State the bank balance which would appear in the statement of financial position on 30 April 2018. Name the section in which it would appear.

Amount of bank balance \$ \_\_\_\_\_  
 Section of statement of financial position \_\_\_\_\_

- (j) Suggest two possible reasons why the cheque from Jabir was dishonoured.

1 \_\_\_\_\_

2 \_\_\_\_\_

- 18 Sophia maintains a full set of books of prime (original) entry including a three column cash book.

REQUIRED

- (a) Explain why Sophia's cash book is both a book of prime (original) entry and also part of the ledger.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

The bank columns of Sophia's cash book for the month of April 2018 were as follows.

Cash book (bank columns only)

Date	Details	\$	Date	Details	Cheque number	\$
2018			2018			
April 1	Balance b/d	950	April 2	Petty cash	000198	106
8	Goodfoods	140	15	Expenses	000199	25
28	CD Limited	280	21	Lowlands Farm	000200	44
30	Sales	311	29	FF Limited	000201	90

Sophia's business bank statement for April 2018 was as follows.

Bank Statement for the month of April 2018				
2018		Debit	Credit	Balance
		\$	\$	\$
April 1	Balance			850 Cr
5	000198	106		744 Cr
9	Credit		140	884 Cr
12	Standing order (insurance)	50		834 Cr
18	000199	25		809 Cr
20	Dishonoured cheque (Goodfoods)	140		669 Cr
27	000200	44		625 Cr
30	Charges	15		610 Cr
	Direct debit (rates)	400		210 Cr

The following errors were discovered.

- 1 Sophia had brought down the cash book balance on 1 April 2018 incorrectly. It should have been \$850.

2 The bank had incorrectly entered a standing order for insurance in Sophia's business bank account instead of her personal bank account.

**REQUIRED**

**(b)** Select the items required to update Sophia's cash book on 30 April 2018 and write these items in the table. Indicate how each item would be entered in the cash book. The first one has been completed as an example.

item	entry required in cash book	
	debit \$	credit \$
<i>cash book error</i>		100
.....		
.....		
.....		
.....		
.....		

Sophia prepared a bank reconciliation statement on 30 April 2018. She started with the credit balance shown on the bank statement at that date.

**REQUIRED**

**(c)** Select the items which would be entered in Sophia's bank reconciliation statement on 30 April 2018 and write these items in the table.

Place a tick (✓) in the correct column to indicate how each item would be recorded in the bank reconciliation statement.

item	entry in bank reconciliation statement	
	added to bank statement balance	deducted from bank statement balance
.....		
.....		
.....		
.....		
.....		

- 19** Carol is a trader. She maintains a three column cash book and also a petty cash book. The imprest amount is \$100. All payments below \$50 are made from petty cash.

REQUIRED

- (a)** State two reasons for maintaining a petty cash book.

1 \_\_\_\_\_

2 \_\_\_\_\_

Carol had the following transactions during April 2016.

- April 1 Petty cash imprest restored from the business bank account.
- 4 Purchased tea and coffee for office staff, \$11.
- 9 Paid K Mzolo's account of \$450, by cheque, after deducting a cash discount of 2%.
- 16 Bought stationery, \$25.
- 19 Paid taxi fare, \$8.
- 20 Received a cheque from B Mamba in settlement of his account of \$920, less 2½% cash discount.
- 23 Paid T Nhete, a credit supplier, \$38.
- 28 Cash sales, \$2970.
- 29 Paid all the cash in the main cash account, except \$100, into the bank account.

REQUIRED

- (b)** Record the above transactions in the following books.

**(i)** Petty cash book

**(ii)** Three column cash book

Balance each book and bring down the balances on 1 May 2016.



20 Sue's cash book for the month of April 2016 was as follows.

Sue Cash Book									
Date 2016	Details	Dis.* \$	Cash \$	Bank \$	Date 2016	Details	Dis.* \$	Cash \$	Bank \$
April 1	Balance b/d		120		April 1	Balance b/d			3842
9	Bank loan			3000	9	J Foy (cheque dishonoured)			116
19	A Meyer	8		392	14	K Mzolo	15		585
28	Sales		1940		21	Repairs		58	
29	Cash			2000	24	Bank charges			211
					29	Bank		2000	

\*Dis. stands for Discount

**REQUIRED**

**(a) (i)** State the significance of each of the balances on 1 April 2016.

Balance in cash column \_\_\_\_\_

\_\_\_\_\_

Balance in bank column \_\_\_\_\_

\_\_\_\_\_

**(ii)** Suggest two possible reasons why the cheque from J Foy was dishonoured on 9 April.

1 \_\_\_\_\_

2 \_\_\_\_\_

**(iii)** State whether Sue allowed or received the discount on 14 April.

\_\_\_\_\_

\_\_\_\_\_

**(iv)** Calculate the percentage the discount on 14 April represents correct to two decimal places.

\_\_\_\_\_

\_\_\_\_\_

**(v)** Explain the entries on 29 April.

\_\_\_\_\_

\_\_\_\_\_

**(vi)** State whether the total of the discount column on the debit side of the cash book is debited or credited to the discount account on 30 April.

\_\_\_\_\_

\_\_\_\_\_



