

Monyetla Project – Accounting Gr 11

Lesson 1: Reconciliation

QUESTION 1: MNGUNI TRADERS

(52 marks, 42 minutes)

Bank Reconciliation

The following information has been taken from the books of Mnguni Traders on 30 September 2009.

REQUIRED:

- 1.1 Indicate how cheque 204 must be treated when preparing the Financial Statements if September 2009 was the end of the financial period. (4)
- 1.2 Update the CRJ and CPJ in the given columns. Write only the reason and the amount in the columns and calculate the totals. (28)
- 1.3 Prepare the Bank account in the books of Logan CC on 30 September 2009. (8)
- 1.4 Prepare the Bank Reconciliation Statement of Mnguni Traders on 30 September 2009. (12)

INFORMATION:

1. The following Bank Reconciliation Statement was drawn up on 31 August 2009:

Unfavourable balance as per Bank Statement	R6 650
Outstanding deposit	1 200
Outstanding cheques no 112	845
no 152	1 320
Balance as per Bank account	?

2. A comparison of the cash journals for September, the above Bank Reconciliation Statement and the Bank Statement for September, showed the following:
 - 2.1 Provisional totals in the cash journals on 30 September 2009 were as follows:
 - Cash Receipts Journal, R55 580
 - Cash Payments Journal, R51 670
 - 2.2 The outstanding deposit at the end of August appeared on the Bank Statement on 2 September 2009.
 - 2.3 Cheque no 112 did not appear on the Bank Statement for September 2009 because it gets lost. This cheque was originally written out to Davies and Sons as a donation.

A new cheque, no. 201 was issued to Davies and Sons on 30 September 2009 to replace cheque 112, R900. No entry was made in connection with this cheque.

- 2.4 Cheque no 152, issued for Trading Stock, appeared on the Bank Statement on 4 September 2009 as R1 620. An investigation revealed that the Bank Statement amount was correct.
- 2.5 The Bank Statement showed the following charges:
- Bank charges, R182;
 - Interest on the credit balance, R420;
 - A dishonoured cheque for R560, originally received from F Clown in settlement of her debt of R590;
 - A stop order to the insurance company for R1 200.
- 2.6 An investigation revealed that the bank has paid our insurance policy twice during the previous month. They have promised to rectify the matter and to refund that amount to Mnguni Traders.
- In the meantime, we must correct the error in our books.
- 2.7 The Bank Statement showed an electronic transfer into our account from B. Wake, the tenant for R1 500.
- 2.8 The Cash Receipts Journal showed an amount of R5 200 on 30 September 2009 that did not appear on the Bank Statement.
- 2.9 The following cheques appear in the Cash Payments Journal but not on the Bank Statement:
- No 195 for R920 (dated 3 September 2009);
 - No 196 for R740 (dated 22 September 2009).
- 2.10 The bookkeeper is in possession of 2 cheques that she has not entered as she is not sure what to do:
- Cheque no 204 for R850 issued to a creditor, Rainbow Traders dated 13 October 2009.
 - Cheque no 86 received from a debtor, Paul and Sons for R1 250, dated 25 October 2009.
- 2.11 The Bank Statement received on 30 September 2009 showed a debit balance of R6 722.

Lesson 1: Reconciliation**QUESTION 2: KJ TRADERS****(30 marks, 24 minutes)****Bank Reconciliation**

KJ Traders is a small business that deals in selling computer equipment. They also provide a repair and maintenance service to regular clients. The following information was extracted from their records. The Bank Statement was received from Beta Bank on 29 June 2012.

INSTRUCTIONS:

- 2.1 Adjust the Bank account in the General Ledger, by recording the information directly in the Bank account. Insert appropriate details on each side of the bank account for part-marks. (16)
- 2.2 Prepare the Bank Reconciliation Statement on 30 June 2012. (10)
- 2.3 Explain TWO points how monthly reconciliation with the Bank Statement can be useful in detecting and preventing mismanagement of cash and fraud. (4)

INFORMATION:

- a) The following items appeared on the Bank Reconciliation Statement on 31 May 2012:

Favourable balance as per Bank Statement	R11 500
Cheque 983 dated 22 December 2010	500
Cheque 1123 not presented for payment	12 250
Cheque 1136	4 200
Outstanding deposit	18 600

- b) On 30 June 2012, the bank columns in the cash journals show the following provisional totals:
- Cash Receipts Journal, R620 500
 - Cash Payments Journal, R532 200
- c) *Information that appeared in the cash journals but not on the Bank Statement for June 2012:*
- Cheque 1143 for R21 400 – post-dated for 15 September 2012.
 - Cheque 1156 for R7 500 – dated 29 June 2012.
 - A deposit of R45 600 on 30 June 2012.

- d) *Information that appeared on the Bank Statement received, but not in either of the cash journals for June 2012:*
- Total bank charges for the period of the Statement, R1 860.
 - A deposit of R18 600 was recorded on 1 June 2012.
 - Cheque 1136 was recorded on the Statement as R2 400, the correct amount. This cheque was in favour of a creditor.
 - A stop-order went through in favour of Cat Insurers for R3 000 for a short-term insurance on the store.
 - Interest of R600 was received for the period of the Bank Statement.
 - An R/D cheque for R9 420. An investigation revealed that this cheque was received from a debtor, M Broke as a final payment of his account of R9 500.
 - A cheque payment for R1 250. It was established that this was not a transaction of this business but it was an error made by the bank.
- e) Cheque 983 was issued to Sunflower Children's Home as a donation. This organization has subsequently closed down.
- f) Cheque 1123 was reported lost. This was in favour of BLK Services for renovations to the existing building. A new cheque 1167 was issued. This transactions was not recorded.
- g) The Bank Statement reflected a favourable balance on 30 June 2012.

Lesson 1: Reconciliation**QUESTION 3: LOCKWOOD TRADERS****(29 marks, 24 minutes)****Bank Reconciliation**

The given information relates to Lockwood Traders for June 2019.

REQUIRED:

- 3.1 Update the CRJ and CPJ for June 2019 in the given columns. Write only the contra account and the amount in the columns and calculate the totals. (12)
- 3.2 Calculate the correct Bank account balance on 30 June 2019. You can prepare a Bank account if needed. (4)
- 3.3 Prepare the Bank Reconciliation Statement on 30 June 2019. (11)
- 3.4 Indicate how cheque 650 must be treated when preparing the Financial Statements if June 2019 was the end of the financial period. (2)

INFORMATION:**A. Bank Reconciliation Statement on 31 May 2019:**

Favourable balance as per Bank Statement	R 4 989
Outstanding deposit	5 625
Outstanding cheques	
No 114 (dated 1 December 2018)	576
634	2 250
640	8 242
643	675
Balance as per Bank account	1 129

NOTE:

Cheque 114 was issued to Bingo Traders for goods purchased. However, the cheque was damaged and was replaced by cheque 650 dated 10 August 2019. No entries have been made.

- B.** Provisional totals in the cash journals on 30 June 2019 before receiving the Bank Statement:
- Cash Receipts Journal, R27 537
 - Cash Payments Journal R32 399
- C.** Entry in the Cash Receipts Journal for June 2019 that did not appear in the June 2019 Bank Statement:

Doc	Date	Details	Amount
Cash register slip	30	Sales	R9 675

- D. Entry in the Cash Payments Journal for June 2019 that did not appear in the June 2019 Bank Statement:

Doc	Date	Details	Amount
EFT 13	29	Equipment	R10 590

- E. Entry in the Salaries Journal for June 2019 that did not appear in the June 2019 Bank Statement:

Doc	Gross salary	Deductions	Net Salary
EFT 14	R5 304	R1 500	R3 804

- F. Information on the June 2019 Bank Statement, which did not appear in the June 2019 Cash Journals:

Date	Details	Debit	Credit
2	Deposit		5 625
3	Cheque 634	2 250	
10	Cheque 640	8 242	
15	Debit order (Santam Insurance)	1 125	
	Unpaid cheque	1 200	
25	M Malan (EFT by tenant)		2 800
28	M Nel (EFT by debtor)		975
30	Interest		35
	Service fee	130	

NOTE:

- The debit order on 15 June 2019 was for the owner's insurance.
- The unpaid cheque on 15 June 2019 was dishonoured due to insufficient funds. This cheque was received from C. Louw who settled his debt of R1 250.

- G. Information in the June 2019 Bank Statement that does not agree with the Cash Payments Journal for June 2019:

Cheque 667 (issued to De Beers as payment of an account), recorded as R795 in the Cash Payments Journal, appears correctly on the Bank Statement as:	R525
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- H. Upon investigation it was discovered that bank charges were overcharged for 3 months by BB Bank, R194. The error must be corrected in the books of Lockwood Traders, and BB Bank gave their apology and will correct the error in July 2019.
- I. The Bank Statement received on 30 June 2019 reflected a favourable balance of R1 604.

Lesson 1: Reconciliation**QUESTION 4: BUYELWA TRADERS****(30 marks, 24 minutes)****Creditors Reconciliation**

The following information was taken from the books of Buyelwa Traders. Study it well and answer the following questions.

INSTRUCTIONS:

- 4.1 Calculate the correct balance for De Jager Traders in the Creditors Ledger of Buyelwa Traders. (14)
- 4.2 Prepare a Creditors Reconciliation Statement on 31 March 2013. (10)
- 4.3 Give THREE control measures that management should put in place to ensure that creditors are well managed. (6)

INFORMATION:

The following statement was received from De Jager Traders on 24 March 2013.

BUYELWA TRADERS ACCOUNT STATEMENT		
PO Box 4322 Khanyolwethu 7084		Tel (021)444 5578 Account number 556 23 March 2013
2013 Mar 1	Balance	25 000
	Invoice 354	7 900
5	Credit note 221	(400)
9	Receipt 22	(18 650)
10	Interest on overdue account	244
16	Invoice 412	10 912
18	Credit note 288	(3 200)
22	Invoice 479	5 400
	Balance	29 206

**CREDITORS LEDGER OF BUYELWA TRADERS
DE JAGER TRADERS**

DATE		DETAILS	FOL	DR	CR	BALANCE
March	1	Balance	b/d			25 000
		Invoice 354	CJ		9 700	34 700
	5	Debit note 145	CAJ	400		34 300
	9	Cheque 333	CPJ	18 650		15 650
		Discount allowed	GJ	450		15 200
	14	Invoice 122	CJ		800	16 000
	16	Invoice 412	CJ		12 400	28 400
	18	Invoice 466	CJ		3 200	31 600
	22	Invoice 479	CJ		5 400	37 000
	25	Invoice 498	CJ		9 800	46 800
	28	Cheque 335	CPJ	11 000		35 800
		Debit note 178	CAJ	1 406		34 394

With the comparison of the statement received from De Jager Traders, the following mistakes were found in the books of Buyelwa Traders:

1. Trading stock purchased on 1 June for R7 900 was mistakenly entered as R9 700.
2. Cheque 333 was a few days late. This was the reason why no discount was allowed by De Jager Traders.
3. De Jager Traders was correct in their actions when they charge interest of R244 on the account of Buyelwa Traders.
4. Invoice 122 was for the purchase of packing material from MJ Wholesalers. This entry was mistakenly entered in the account of De Jager Traders.
5. Discount of 12% was approved on the purchase of R12 400 made on 16 March. This was, however, not entered by Buyelwa Traders.
6. Credit note 288 for R3 200 from De Jager Traders was incorrectly entered as invoice 466.
7. A calculation error was made when the closing balance (R29 206) was calculated on the statement received from De Jager Traders.

Lesson 1: Reconciliation**QUESTION 5: NELSPRUIT TRADERS****(9 marks, 7 minutes)****Creditors Reconciliation**

Nelspruit Traders received a Statement of account from a creditor, Superior Suppliers. The balance on the statement did not agree with that on the account of Superior Suppliers in the Creditors' Ledger of Nelspruit Traders.

REQUIRED:

Complete the table in the answer book to show how the differences must be treated to reconcile the Creditors' Ledger account balance with the Statement balance.

Write the amounts in the appropriate columns and indicate the increase or decrease with a (+) or (-) with each amount.

Total the columns to show the correct balances at the end of September 2015. (9)

INFORMATION:

Balance of Superior Suppliers in Creditors' Ledger of Nelspruit Traders, R10 705.

Balance on the Statement received from Superior Suppliers, R19 120.

A comparison between the Creditors' Ledger account of Superior Suppliers and the Statement of account showed the following differences:

- A.** An invoice for R9 870 received from Superior Suppliers was correctly recorded in the Creditors Ledger Account. The amount was incorrectly recorded as R8 790 on the Statement.
- B.** Nelspruit Traders entered a discount of R375 relating to a payment of R5 000 on 15 September 2015. Superior Suppliers did not approve this discount stating that the payment was received late.
- C.** The Statement of account reflected returns valued at R890. The Creditors' Ledger account showed R690. It was established that Nelspruit Traders miscalculated the value of the goods returned.
- D.** An invoice for R2 160 received from Superior Suppliers was incorrectly recorded as a payment in the Creditors' Ledger.
- E.** A payment of R5 000 by Nelspruit Traders was recorded in the Cash Payments Journal on 29 September 2015. The Statement of account from Superior Suppliers was dated 25 September 2015.