**QUESTION 1 RECONCILIATIONS (35 marks; 20 minutes)**

**1.1 BANK RECONCILIATION**

The information below was taken from the accounting records of Sasa Traders, owned by Sasa Dlamini.

**REQUIRED**

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| 1.1.1 | Calculate the correct totals for the Cash Receipts Journal and the Cash Payments Journal for October 2019 by completing the table provided. | (8) |
| 1.1.2 | Calculate the correct balance in the Bank Account on 31 October 2019. State whether this balance is favourable or unfavourable. | (5) |
| 1.1.3 | Prepare the Bank Reconciliation Statement on 31 October 2019. | (8) |
| 1.1.4 | **Refer to information E.** Explain TWO internal control measures the business should implement to prevent such incidents in the future.  | (4) |

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| **INFORMATION** |
| A. | Information taken from the Bank Reconciliation Statement on 30 September 2019: |
|  | Favourable balance of the bank statement | R 9 670 |
|  | Outstanding deposit  | R 10 100 |
|  | Outstanding cheques |  |
|  |  | No 1101 (date: 28 April 2019) | R 8 400 |
|  |  | No 1128 (date: 27 Aug 2019) | R 7 800 |
|  |  | No 1134 (date: 23 Sep 2019) | R 7 500 |
|  | Credit unknown debit on statement | R 8 000 |
|  | Debit balance as per Bank account | R 4 070 |

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| B. | Provisional totals: |
|  |  | Cash Receipts Journal: Total R59 035 |
|  |  | Cash Payments Journal: Total R50 760 |
| C. | The Bank Statement for October 2019 reflects the following items which did not appear in the Cash Journals: |
|  |  | A deposit of R10 100 |
|  |  | Cheque No 1128 |
|  |  | A cheque received from H. Zikho, a debtor, R1 500, as settlement of his account of R1 650, marked R/D because of insufficient funds. |
|  |  | Rent received from D. Taylor, R12 400 per electronic transfer. |
|  |  | Stop order for R1 400 in favour of LOCKUP Insurance for insurance. |

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|  |  | An unknown debit entry of R 8 000. An investigation determined that this payment as well as the R8 000 in the September Bank Reconciliation Statement was part of a fraud scheme and was illegally taken from Sasa Traders’ bank account. The bank will reverse these amounts in the next bank statement.  |
|  |  | Bank charges, R620 |

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| D. | The following items appear in the October 2017 Cash Journals: |
|  |  | A deposit of R18 000  |
|  |  | Cheque no 1194 (15 October 2019), R3 610. |
|  |  | Cheque no 1126 (18 November 2019), R13 000. |

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| E. | **Additional information**A cash deposit of R5 400 was stolen from the bookkeeper as he was on his way to the bank. This amount must be written off as it will not be recovered. |

**1.2 CREDITORS RECONCILIATION**

The transactions between Restaurant Italia and their creditor, Fresh World for the month of November 2019 are given.

At the end of November 2019, the accountant of Restaurant Italia compared the statement received from Fresh World with their creditor’s ledger account, and noted that the balances did not agree.

**REQUIRED**

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| 1.2.1 | Complete the table in the ANSWER BOOK to show how the differences must be treated to reconcile the Creditor’s Ledger Account balance with the statement balance. Write the amounts in the appropriate columns and indicate the increase or decrease with a (+) of (‒) with each amount.Total the columns to show the correct balances at the end of November 2019.  | (10) |

**INFORMATION**

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| A | Balances on 30 November 2019: |  |
|  | Balance of Fresh World in Creditors’ Ledger of Restaurant Italia  | R32 535 |
|  | Balance on the statement received from Fresh World  | R41 440 |
|  | **Note:**   | The statement only reflects the transactions until 29 November 2019.  |

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| B | A comparison between the Creditors’ Ledger Account of Fresh World and the statement of account showed the following differences: |
|  | (i) | Fresh World included returns of R1 215 on the statement. This was returns by another client, Italian Friends. |
|  | (ii) | The statement includes an invoice for R4 410. Fresh World could not deliver the goods that were ordered. |
|  | (iii) | Returns of R630, was incorrectly recorded as an invoice by Restaurant Italia. |
|  | (iv) | An invoice reflected correctly as R2 250 on the statement, was incorrectly entered by Restaurant Italia’s bookkeeper as R22 500. |
|  | (v) | A discount of R2 220 and a payment of R25 000 were omitted on the statement of account. These matters will be rectified in the next statement. |

**35**

**ANSWER BOOK**

**QUESTION 1 RECONCILIATIONS**

**1.1 BANK RECONCILIATION**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **1.1.1** | **Calculate the correct totals for the Cash Receipts Journal and the Cash Payments Journal for October 2019 by completing the table provided.**

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| **CRJ** | **59 035** |  | **CPJ** | **50 760** |
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| **1.1.2** | **Calculate the correct balance in the Bank Account on 31 October 2019. State whether this balance is favourable or unfavourable.** | **5** |

 **1.1.3 Prepare the Bank reconciliation statement on 31 October 2019.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Bank reconciliation statement on 31 October 2019** |
|  | **Debit** | **Credit** |
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| **1.1.4** | **Refer to information E. Explain TWO internal control measures the business should implement to prevent such incidents in the future.**  | **4** |

**1.2 CREDITORS RECONCILIATION**

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| **1.2.1** |

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| **No.** | **Creditor’s Ledger** | **Creditor’s Reconciliation statement** |
| **Balance** | **32 535** | **41 440** |
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| **TOTAL****MARKS** |
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