

Solution 8.1

In this question:

- 4 items on the bank statement not yet recorded in the cash book
- 3 outstanding cash book items for the reconciliation

DR	Cash Book		CR
	€		€
Bal b/d	22,284	Standing order	850
Credit transfer	1,200	Bank charges	20
		DD telecom	465
		Bal c/d	<u>22,149</u>
	<u>23,484</u>		<u>23,484</u>
Bal b/d	22,149		

Bank reconciliation

	€	€
Bank statement closing balance		16,139
Add outstanding lodgements		8,100
		<hr/>
Less un-presented cheques		
Cheque 5563	650	
Cheque 5565	<u>1,440</u>	(2,090)
		<hr/>
Balance per cash book		<u>22,149</u>

Solution 8.2

There are a number of reasons why Paddy's bank statement balance is difference to his cash book balance. Firstly, timing differences in relation to lodgements, when a lodgment is made to a bank it will take a number of days to 'clear' through the banking system. Also, cheques paid out by Paddy may not have been presented to the bank be the payee or may not have cleared through the banking system. The bank statement will have items, such as bank charges, on it that Paddy will not have entered in the cash book. Finally, there could be errors in either system.

In this question:

- 4 items on the bank statement not yet recorded in the cash book
- 1 error in the cash book to correct
- 3 outstanding cash book items for the reconciliation

DR	Cash Book		CR
	€		€
Bal b/d	4,663	DD – ESB	382
Credit transfer	640	Standing order	900
		Bank charges	45
		Error cheque 2387	90
		Bal c/d	3,886
	5,303		5,303
Bal b/d	3,886		

<u>Bank reconciliation</u>	€	€
Bank statement closing balance		4,736
Add outstanding lodgements		700
Less un-presented cheques		
Cheque 2385	1,250	
Cheque 2391	300	(1,550)
Balance per cash book		3,886

Solution 8.3

In this question:

- Opening balances don't agree but can be reconciled €180 (opening statement balance) + €650 (1st lodgement) – €480 (CQ 79964) = €350 (opening cash book balance). €650 and €480 can be ignored as they related to last months reconciliation.
- 6 items on the bank statement not yet recorded in the cash book
- 2 errors in the cash book to correct
- 5 outstanding cash book items for the reconciliation

DR	Cash Book		CR
	€		€
Bal b/d	2,289	DD – ESB	870
CT – Smith Ltd	650	DD – Bord Gais	380
Dividend	925	Standing order – 354	250
		Bank charges	22
		Lodgement error	60
		Error – CQ 79970	9
		Bal c/d	2,264
	3,855		3,855
Bal b/d	2,264		

<u>Bank reconciliation</u>	€	€
Bank statement closing balance		1,581
Add outstanding lodgements		
30 th Oct	1,320	
30 th Oct	2,510	3,830
Less un-presented cheques		
Cheque 79968	1,250	
Cheque 79972	577	
Cheque 79973	1,320	(3,147)
Balance per cash book		2,264

Solution 8.4

In this question:

- Opening balances don't agree but can be reconciled €383 (opening statement balance) + €864 (2nd Nov lodgment) – €632 (CQ 80264) – €146 (CQ 80263) = €469 (opening cash book balance). €864, €632 and €146 can be ignored as they related to last months reconciliation.
- 5 items on the bank statement not yet recorded in the cash book
- 2 errors in the cash book to correct
- 5 outstanding cash book items for the reconciliation
- The closing balance on the cash book was on the debit side this should be brought down on the credit side when getting the cash book ready for the corrections.

DR	Cash Book		CR
	€		€
CT – ABC Ltd	950	Bal b/d	340
		DD – Bord Gais	398
		DD – Ryan Rental	725
		Standing order – 006	465
		Bank charges	43
		Lodgement error	60
Bal c/d	1,090	Error CQ 80270	9
	2,040		2,040
		Bal b/d	1,090

Note, the closing balance in the corrected cash book represents an overdraft because it is brought down on the credit side.

<u>Bank reconciliation</u>	€	€
Bank statement closing balance		328
Add outstanding lodgements		
30 th Nov	859	
30 th Nov	95	954
Less un-presented cheques		
Cheque 80268	1,246	
Cheque 80272	266	
Cheque 80273	860	(2,372)
Balance per cash book		(1,090)

Solution 8.5

In this question:

- Opening balances don't agree but can be reconciled €320 (opening statement balance) + €730 (1st Feb lodgment) – €625 (CQ 96582) – €175 (CQ 96583) = €250 (opening cash book balance). €730, €625 and €165 can be ignored as they related to last months reconciliation.
- 4 items on the bank statement not yet recorded in the cash book
- No errors in the cash book to correct
- 5 outstanding cash book items for the reconciliation

DR	Cash Book		CR
	€		€
Credit transfer	175	Bal b/d	2,705
		Standing order	500
		DD – Telecom	130
Bal c/d	3,225	Bank charges	65
	<u>3,400</u>		<u>3,400</u>
		Bal b/d	3,225

Note, the closing balance in the corrected cash book represents an overdraft because it is brought down on the credit side.

Bank reconciliation

	€	€
Bank statement closing balance		(2,840)
Add outstanding lodgements		1,500
Less un-presented cheques		
Cheque 96585	450	
Cheque 96591	320	
Cheque 96593	480	
Cheque 96594	<u>635</u>	(1,885)
Balance per cash book		<u><u>(3,225)</u></u>