

Name \_\_\_\_\_

**QUESTION 1: BANK RECONCILIATION AND CONTROL (35 marks; 20 minutes)**

The following information relates to Hartfield Suppliers for April 2018.

**REQUIRED:**

- 1.1 Bank reconciliation:
- 1.1.1 Show the entries that must be recorded in the Cash Journals by completing the table in the ANSWER BOOK. (14)
  - 1.1.2 Calculate the Bank Account balance in the Ledger of Hartfield Suppliers on 30 April 2018. (3)
  - 1.1.3 Prepare the Bank Reconciliation Statement on 30 April 2018. (8)
- 1.2 The internal auditor is concerned about the management of cash.
- 1.2.1 Explain TWO different problems to justify her concern. Quote figures. (4)
  - 1.2.2 Give advice (TWO points) on how such problems can be avoided in future. (2)
- 1.3 Explain TWO benefits of using the electronic funds transfer (EFT) system rather than cheques for direct payments to suppliers. (4)

**INFORMATION:**

**A. Extract from the Bank Reconciliation Statement on 31 March 2018:**

Favourable balance as per Bank Statement		R18 450
Outstanding deposits:	Dated 10 March 2018	12 675
	Dated 25 March 2018	25 000
Outstanding cheques:	502 (dated 19 October 2017)	4 800
	613 (dated 24 April 2018)	13 400
	614 (dated 26 April 2018)	6 950
Favourable balance as per Ledger Account		30 975

**NOTE:**

- The outstanding deposit of R12 675 appeared on the Bank Statement on 28 April 2018.
  - The outstanding deposit of R25 000 did not appear on the Bank Statement for April 2018. An investigation revealed that this money was never been deposited. The cashier employed in March has left the country and cannot be traced.
  - Cheque 614, R6 950, was presented for payment.
- B. Provisional totals in the Cash Journals on 30 April 2018 before receiving the Bank Statement:**
- Cash Receipts Journal, R510 607
  - Cash Payments Journal, R488 260

- C. Entry in the April 2018 Cash Receipts Journal, not in the April 2018 Bank Statement:

DOCUMENTS	DATE	DETAILS	BANK
Deposit slip 998	20	Sales	R10 000

- D. Entries in the April 2018 Cash Payment Journal, not in the April 2018 Bank Statement:

DOCUMENTS	DATE	DETAILS	BANK
Cheque 652 (dated 24 June 2018)	25	MM Suppliers	R5 650
S Small (*EFT)	30	Drawings	R2 500

\*EFT: electronic funds transfer/direct payment

- E. Information on the April 2018 Bank Statement, which did not appear in the April 2018 Cash Journals:

DATE	DETAILS	DEBIT	CREDIT
10	M Mamba (*EFT by tenant)		6 250
17	Cash deposit fees	575	
18	Interest		145
21	Unpaid cheque: Apple	230	
24	Service fees	1 425	
28	Debit order (Kruger Insurers)	1 850	
28	Debit order (Kruger Insurers)	1 850	

**NOTE:**

- The unpaid cheque was received from debtor A Apple to settle his account of R250.
- The debit order for the monthly insurance appeared on the Bank Statement twice. The bank will rectify this on the Bank Statement for next month.

- F. Information in the April 2018 Bank Statement that does not agree with the Cash Payments Journal for April 2018:

Cheque 633, recorded as R2 630 in the Cash Payment Journal, appears correctly on the Bank Statement as follows:	R6 230
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- G. The Bank Statement on 30 April 2018 reflected a balance of R?.

## QUESTION 1

1.1.1

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
R510 607	R488 260

1.1.2 Calculate the Bank Account balance in the Ledger of Hartfield Suppliers on 30 April 2018.

R30 975

### Bank Reconciliation Statement on 30 April 2018

[illegible]

1.2 The internal auditor is concerned about the management of cash.

1.2.1 Explain TWO different problems to justify her concern. Quote figures.

Problem 1:

Problem 2:

1.2.2 Give advice (TWO points) on how such problems can be avoided in future.

Point 1:

Point 2:

1.3 Explain TWO benefits of using the electronic funds transfer (EFT) system rather than cheques for direct payments to suppliers.

Benefit 1:

Benefit 2: