

# Zoom In Accounting Grade 12

## ACTIVITY 1 Sunset Traders

The information provided was drawn from the Accounting records of Sunset Traders on 31 August 2023.

### Required

- 1 Complete the cash journals for August 2023.
- 2 Draw up the Bank account for August 2023 and balance it properly.
- 3 Prepare the Bank Reconciliation Statement as at 31 August 2023.

### Information

- + Bank Reconciliation Statement of Sunset Traders as at 31 July 2023:

Favourable balance as per bank statement	66 825
Outstanding deposits	31 800
Outstanding cheques	
No. 811 (dated 30 June 2022)	14 250
No. 824 (dated 31 July 2023)	20 250
No. 829 (dated 5 September 2023)	41 625
Balance as per bank account	?

- + The following totals appear in the cash journals at the end of August 2023, before receiving the August bank statement:  
CRJ R407 400  
CPJ R459 675
- + When comparing the August 2023 bank statement with the Bank Reconciliation Statement for July 2023 and the cash journals for August 2023, the following differences were noticed:
- + The following entries in the August 2023 bank statement do not appear in the August 2023 cash journals:
  - ❖ Cheque no. 824 for R20 250
  - ❖ Deposit of R31 800
  - ❖ A debtor, C. Cele, made a direct deposit of R2 175 into the bank account on 18 August 2023, in part settlement of his account.
  - ❖ An unpaid cheque for R10 275, previously received from the tenant, B. Baloyi
  - ❖ First Bank charged the following:
 

Levy on debit entries	R110
Interest on debit balances	R1 050
Cash handling fees	R225
Service fees	R1 090
  - ❖ A debit order of R1 725 in favour of Outsure Insurers to pay the personal insurance of the owner.
  - ❖ An amount of R750 credited by First Bank for monthly interest on the fixed deposit.
- + The following entries in the August 2023 cash journals do not appear in the August bank statement:
  - ❖ An amount of R80 700 deposited on 31 August 2023.
  - ❖ The following cheques issued:
 

No. 851 (dated 9 September 2023)	R38 400
No. 859 (dated 31 August 2023)	R6 675

### Additional information

- + Cheque no. 813 appears on the bank statement as R17 550. It was issued in favour of a creditor, Thabo's Wholesalers. The amount appears in the Cash Payments Journal as R13 500. The amount on the bank statement is correct.
- + Cheque no. 811 for R14 250 was issued to Foodgivers Welfare as a donation. The cheque got lost and must be cancelled. A new cheque, no. 863, for the amount of R18 750 was issued on 31 August 2023. No entries were made for any of these transactions.
- + The bank statement received from First Bank shows an unfavourable balance of R25 125 on 31 August 2023.

## ACTIVITY 2 Woodhill Traders

You are provided with information from the Bank Reconciliation Statement of Woodhill Traders as at 31 August 2018. The business banks with First Bank.

### Required

- 1 State why it is important for a business to prepare a monthly Bank Reconciliation Statement.
- 2 Explain why the cheque dated 20 September 2018, and previously received by Woodhill Traders on 10 August 2018, does not appear in the Bank Reconciliation Statement.
- 3 Explain how cheque no. 629 should be treated when preparing the financial statements on 31 August 2018. Give a reason.
- 4 The treatment of a cheque not presented to the bank, was incorrect. Which cheque is it? Explain. Indicate what the correct treatment would be.
- 5 Calculate the correct balance for the Bank account in the General Ledger of Woodhill Traders if the cheque mentioned in 4 above was treated correctly.
- 6 The outstanding deposit of R30 975 that appeared in the August Bank Reconciliation Statement, appeared on the statement received for September from First Bank as R10 975. The amount on the bank statement from First Bank is correct.
  - 6.1 Explain why the auditor should be concerned about the difference of R20 000.
  - 6.2 Explain what the auditor should do about this situation.

### Information

The following items appear on the Bank Reconciliation Statement of Woodhill Traders as at 31 August 2018.

Bank overdraft as per the bank statement from First Bank	63 150
Outstanding deposit (31 August 2018)	30 975
Outstanding cheques	
No. 369 (dated 2 February 2018)	15 000
No. 629 (dated 15 September 2018)	6 250
No. 774 (dated 15 August 2018)	9 500
Balance as per Bank account in the General Ledger of Woodhill Traders	?