

Accounting Taster Day Worksheet

Task 1 – Have a look at the Cash book below and compare it to the bank statement. Can you figure out what is missing off the cash book and correct it?

Exercise 1: Prepare the cashbook

Enter the following information into the cash book. This may seem strange, but the receipts are recorded on the Credit side (Cr) and the payments are recorded on the Debit side (Dr). This is because the cashbook is classed as an Asset account:

To increase an asset, we add it to the DR side.

To decrease an asset, we add it to the CR side

To increase a liability, we add it to the CR side.

To decrease a liability, we add it to the DR side

Date	Transaction	Details	Amount
3 rd November	Paid by cheque 127491	J Hammers	£368.00
5 th November	Payment received 014978	H Smithers	£248.00
		J Saunders	£1100.00
		M Lemons	£800.00
		R Mulano	£1693.00
5 th November	Paid by cheque 127492	Minted Ltd	£865.00
5 th November	Paid by cheque 127493	Elster Plc	£1975.00
6 th November	Paid by cheque 127494	Tesco Plc	£988.00
8 th November	Received by Bacs	J Saints	£292.00
9 th November	Paid by cheque 127495	Lowes & Son	£826.00
19 th November	Payment received 014979	H Smithers	£258.00
29 th November	Payment received 014980	Monty Bros	£5000.00
		J Saunders	£1800.00

Cashbook as at 30 November 2020

Dr					Cr				
Cashbook									
Date	Details	Ref	Cash	Bank	Date	Details	Ref	Cash	Bank
			£	£				£	£
31 Oct	Balance b/d			8600					
					30 Nov	Balance c/d			
30 Nov	Balance				30 Nov	Balance			
1 Dec	Balances b/d								

Both sides of the cash book must add up.

Add up both sides and whichever is the greatest balance is the one you use to balance to.

For example, if the debit side totals £20,000 and the credit side totals £12,000, then the balance c/d figure is on the credit side for £8,000 (£20,000 - £12,000). This c/d figure, then becomes the b/d figure.

Bank statement for Elliott Brothers Limited**Account Name** Elliott Brothers Limited

Branch Birmingham

Account Number 00146597

Statement Number: 49

DATE	PARTICULARS	PAYMENTS	RECEIPTS	BALANCE
2020		£	£	£
1 Nov	Balance brought forward			8600.00 CR
2 Nov	BACS H Hamlin		187.00	8787.00CR
5 Nov	Cheque 127491	368.00		8419.00CR
5 Nov	014978		3841.00	12260.00CR
7 Nov	Cheque 127494	988.00		11272.00CR
10 Nov	BACS J Saints		292.00	11564.00CR
11 Nov	Bank charges	25.00		11539.00CR
14 Nov	Bank interest		18.00	11557.00CR
18 Nov	Cheque 127495	826.00		10731.00CR
18 Nov	Bank charges	48.00		10683.00CR
19 Nov	014979		258.00	10941.00CR
22 Nov	SO Redditch Properties	8000.00		2941.00CR
25 Nov	DD British Gas	2898.00		43.00CR
28 Nov	DD Water Plus	749.00		706.00DR
29 Nov	014980		6800.00	6094.00CR
30 Nov	Bank charges	150.00		5944.00CR

Exercise 2: Now you have to prepare a revised cashbook to include the entries on the bank statement that were not on your original cashbook (don't forget which side entries go on)

Now produce the Revised cashbook for the new entries to bring the cashbook up to date:

Dr		Cashbook (bank columns)				Cr
2020	Details	£	2020	Details	£	
	Balance b/d					
30 Nov	Balance		30 Nov	Balance		
01Dec	Balance b/d					

Does the figure on your bank reconciliation statement add up to the balance on the bank statement? Possibly not. Why not? Well, there are things called timing issues. If a cheque has been written to a supplier but they have not banked it yet, it will be showing in the cash book but not on the bank statement, so we must take it off the cash book using a bank reconciliation statement. Similarly, if a payment has been received and noted in the cashbook, and it has not appeared on the bank statement we will have to take it off the cashbook using a bank reconciliation statement.

Make sure you add on cheques written but not banked and you take off payments received but not yet credited to bank account.

Don't forget to put the figure from your revised cashbook at the top of the bank reconciliation statement.

Bank Reconciliation Statement as at 30 November 2020

Elliott Brothers Limited

Bank Reconciliation Statement as at 30 November 2020

£

£

Balance at bank as per cashbook

Add: Unpresented cheques

Less: Amounts not yet credited

Balance at bank as per bank statement
