

Foundation Bookkeeping - workplace case study

Bookkeeping Controls (BKCL)

Suzi Curling

Background

Suzi Curling has started a cleaning business and operates as a sole trader. She provides the following services to her customers:

- office cleaning
- house cleaning
- collection and delivery of laundry

She is coming to the end of her first year of trading but has not yet prepared any accounts. She has not been keeping a close eye on income and receipts and now needs to understand how to locate the differences in her bank statement and the entries made in her cashbook.

Suzi no longer accepts cash payments, her customers can either pay by cheque, BACS or faster payments via their bank.

Task 1

Suzi has received her bank statement and she is comparing this to her cashbook. Suzi thinks her bank balance should be £18,540.

Tick the items on the bank statement and highlight the items on the cashbook that match.

Bank Statement				Elmsford Bank plc		
				Contact: 03457 789 156		
Account Name: Suzi Curling				www.elmsford.co.uk		
November 20X7						
Date	Payment Type	Details	Paid out £	Paid in £	Balance £	
15 Nov		Balance b/f			25,550 CR	
16 Nov	FP	Mr Toomey		145	25,695 CR	
18 Nov	FP	Mr Williams		205	25,900 CR	
19 Nov	BACS	Spot on Dry Cleaners	1,250		24,650 CR	
19 Nov	DD	Van Insurance	159		24,491 CR	
20 Nov	Cheque	100168	3,350		21,141 CR	
22 Nov		Bank Charges	12		21,129 CR	
<i>FF – Faster payment, DD- Direct Debit, SO – standing order, DC – deposit cheque</i>						

Cashbook				CB23		
Date	Details	Bank £	Date	Cheque Number	Details	Bank £
14/11	Balance b/f	25,550	14/11	100167	Clean Free and Easy	1,950
16/11	FP: Mr Toomey	145	16/11	100168	Zen Liability Insurance	3,350
18/11	FP: Mr Williams	205	20/11	100169	Clean Free and Easy	954
19/11	Cheque: Mrs Clarke	315				

Now Suzi has compared the bank statement to the cashbook, she has identified the following two items that have not been entered into the cashbook.

19 Nov	DD	Van Insurance	£159
22 Nov	BC	Bank Charges	£12

Update the cashbook with the two items and total the cashbook clearly showing the balance carried down.

Dr		Cashbook			CB23	
Date	Details	Bank £	Date	Cheque Number	Details	Bank £
14/11	Balance b/f	25,550	14/11	100167	Clean Free and Easy	1,950
16/11	FP: Mr Toomey	145	16/11	100168	Zen Liability Insurance	3,350
18/11	FP: Mr Williams	205	20/11	100169	Clean Free and Easy	954
19/11	Cheque: Mrs Clarke	315				

Suzi can clearly see that she has a balance c/d in her cashbook of £_____. This still does not match her bank statement of £21,129.

Task 2

During her reconciliation of the bank statement to the cashbook, Suzi noted that two cheques issued to Clean Free and Easy were unpresented and therefore are not showing on her bank statement.

Cashbook			CB23
Date	Cheque Number	Details	Bank £
14/11	100167	Clean Free and Easy	1,950
16/11	100168	Zen Liability Insurance	3,350
20/11	100169	Clean Free and Easy	954

And one outstanding lodgement.

Dr Cashbook		
Date	Details	Bank £
14/11	Balance b/f	25,550
16/11	FP: Mr Toomey	145
18/11	FP: Mr Williams	205
19/11	Cheque: Mrs Clarke	315

Suzi now needs to perform her bank reconciliation.

Enter the two missing cheques and the outstanding lodgement to the table below. Calculate the total to subtract and the balance as per cashbook.

Bank reconciliation statement as at 23 November

Balance as per bank statement	£21,129
Add	
Total to add	
Less	
Total to subtract	
Balance as per cashbook	

Task 3

Suzi is baffled as she knows the reconciliation of her cashbook and bank statement should balance. However, instead of the figures matching, after adjusting for the missing items, her cashbook balance 'appears' to have reduced from £19,790 to £18,540.

Suzi knows something isn't right and that the balance on her bank statement should match the balance on her cashbook.

Calculate the difference between the two figures to see if you can identify the reason for why the figures do not match.

	£
Cashbook balance	19,790
Adjusted cashbook balance	
Difference	

Task 4

Suzi takes another look at her bank statement and double checks this against her cashbook.

Bank Statement			Elmsford Bank plc			
			Contact tel: 03457 789 156			
Account Name: Suzi Curling			www.elmsford.co.uk			
November 20X5						
Date	Payment Type	Details	Paid out £	Paid in £	Balance £	
15 Nov		Balance b/f			25,550 CR	
16 Nov	FP	Mr Toomey		145	25,695 CR	
18 Nov	FP	Mr Williams		205	25,900 CR	
19 Nov	Bacs	Spot on Dry Cleaners	1,250		24,650 CR	
19 Nov	DD	Van Insurance	159		24,491 CR	
20 Nov	Cheque	100168	1,350		21,141 CR	
22 Nov		Bank Charges	12		21,129 CR	
<i>FF – Faster payment, DD- Direct Debit, SO – standing order, DC – deposit cheque</i>						

Suzi has now realised that the BACS payment to Spot on Dry Cleaners, was missed and not entered into her cashbook.

Enter the missing payment and recalculate the balance c/d.

Dr CB23 Cashbook						
Date	Details	Bank £	Date	Cheque Number	Details	Bank £
14/11	Balance b/f	25,550	14/11	100167	Clean Free and Easy	1,950
16/11	FP: Mr Toomey	145	16/11	100168	Zen Liability Insurance	3,350
18/11	FP: Mr Williams	205	20/11	100169	Clean Free and Easy	954
19/11	Cheque: Mrs Clarke	315	19/11	DD	Van Insurance	159
			22/11	BC	Bank Charges	12
		26,215				26,215

Suzi looks at the bank reconciliation she had already completed and can clearly see that the balance of her cashbook should be £18,450, which now matches the balance she's just recalculated.

Bank reconciliation as at 23 November.

Balance as per bank statement	£21,129
Add	
Total to add	
Less	
Total to subtract	
Balance as per cashbook	

Suzi is now confident she can comfortably monitor her business finances; the bank statement balance matches her cashbook balance.

Answers

Task 1

Suzi has received her bank statement and she is comparing this to her cashbook. Suzi thinks her bank balance should be £18,540.

Tick the items on the bank statement and highlight the items on the cashbook that match.

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15 Nov		Balance b/f			25,550 CR	✓
16 Nov	FP	Mr Toomey		145	25,695 CR	✓
18 Nov	FP	Mr Williams		205	25,900 CR	✓
19 Nov	BACS	Spot on Dry Cleaners	1,250		24,650 CR	
19 Nov	DD	Van Insurance	159		24,491 CR	
20 Nov	Cheque	100168	3,350		21,141 CR	✓
22 Nov		Bank Charges	12		21,129 CR	
FF – Faster payment, DD- Direct Debit, SO – standing order, DC – deposit cheque						

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Now Suzi has compared the bank statement to the cashbook, she has identified the following two items that have not been entered into the cashbook.

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22 Nov	BC	Bank Charges	£12

Update the cashbook with the two items and total the cashbook clearly showing the balance carried down.

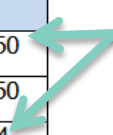
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19/11	Cheque: Mrs Clarke	315	19/11	DD	Van Insurance	159
			22/11	BC	Bank Charges	12
			23/11		Balance c/d	19,790
		26,215				26,215

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Task 2


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Bank reconciliation statement as at 23 November

Balance as per bank statement	£21,129
Add	
Mrs Clarke	£315
Total to add	£315
Less	
Clean Free and Easy	£1,950
Clean Free and Easy	£954
Total to subtract	£2,904
Balance as per cashbook	£18,540

Task 3

Suzi is baffled as she knows the reconciliation of her cashbook and bank statement should balance. However, instead of the figures matching, after adjusting for the missing items, her cashbook balance 'appears' to have reduced from £19,790 to £18,540.

Suzi knows something isn't right and that the balance on her bank statement should match the balance on her cashbook.

Calculate the difference between the two figures to see if you can identify the reason for why the figures do not match.

	£
Cashbook balance	19,790
Adjusted cashbook balance	18,540
Difference	1,250

Task 4

Suzi takes another look at her bank statement and double checks this against her cashbook.

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			Contact tel: 03457 789 156			
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		26,215				26,215

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Mrs Clarke	£315
Total to add	£315
Less	
Clean Free and Easy	£1,950
Clean Free and Easy	£954
Total to subtract	£2,904
Balance as per cashbook	£18,540

Suzi is now confident she can comfortably monitor her business finances; the bank statement balance matches her cashbook balance.

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