


Role of accounting

→ provides accounting information for stakeholders to make decisions

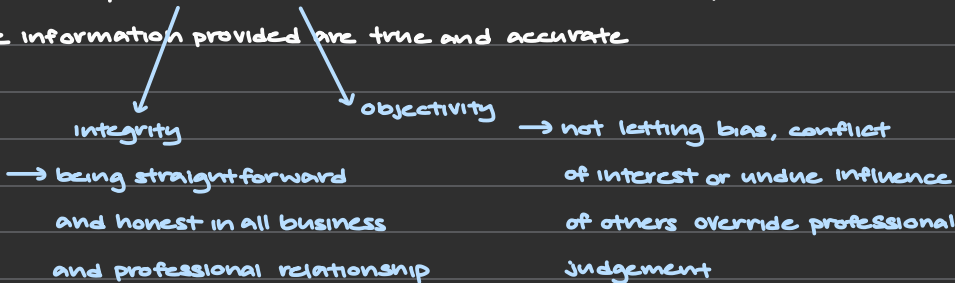


Stakeholders (common)

- owner and managers — assess relevant info to run business efficiently
- employees — assess the ability of business to pay salaries

Role of accountant

- act as stewards of businesses responsible for providing accounting info for stakeholders to make decisions
- provide relevant information in a timely manner based on accounting theories
- must adhere to professional ethics so that stakeholders' can place trust that the information provided are true and accurate



Trading business

→ buys and sells goods to earn income

Service business

→ provides services to customers to earn income

Bank reconciliation

- Identify errors in the cash at bank account
- Identify errors in the bank statement
- Discover and deter fraud
- Ensure that the cash at bank balance is up to date

Difference in CAB balance and bank statement balance due to :

- timing difference in recording by the bank & business
- errors made by the business or the bank

Cash at bank a/c → prepared by the BUSINESS

→ Asset to business ∴ debit in nature

~~~~~	Debit	Credit	Balance
	↓	↓	
	+	-	

Bank Statement → prepared by the BANK

→ Liability to bank ∴ credit in nature

~~~~~	Debit	Credit	Balance
	(Withdrawals)	(Deposits)	
	↓	↓	
	-	+	

Extra : Bank overdraft → owe money to bank

→ you are a debtor to the bank



receivable



debit balance in bank statement

eg. Qn1 — same beginning balance

CAB a/c

Date	Particulars	Debit	Credit	Balance
2021		\$	\$	\$
Jan 1	Balance b/d			20000Dr
3	Rent expense (cheque no: 120)		3000	17000Dr
16	Tom Trading (cheque no: 121)		1000	16000Dr
18	Andy Supplies	10000		26000Dr
22	Commission Income	2000		28000Dr
28	Cindy Flowers (cheque no: 122)		5000	23000Dr
29	Keith Factory	1500		24500Dr

Bank Statement

Date	Particulars	Withdrawal	Deposit	Balance
2021		\$	\$	\$
Jan 1	Balance b/d			20000Cr
5	cheque no: 120	3000		17000Cr
19	cheque no: 121	1000		16000Cr
20	cheque deposit		10000	26000Cr
22	Cash		2000	28000Cr
23	Rent	10000		18000Cr
24	Direct debit — Ah Seng Store	2800		15200Cr
25	Direct credit — Ah Lian Shop		1100	16300Cr
31	Bank charges	25		16275Cr

Record the missing items in the Bank Statement

(a) Adjusted cash at bank a/c for January 2021

Cash at bank a/c

Date	Particulars	Debit	Credit	Balance
2021		\$	\$	\$
Jan 31	Balance b/d			24500 DR
31	Rent expense		10000	14500 DR
31	Trade payable, Ah Seng Store		2800	11700 DR
31	Trade receivable, Ah Lian Shop	1100		12800 DR
31	Bank charges		25	12275 DR
Feb 1	Balance b/d			12275 DR

Record the missing things in the cash at bank a/c

(b) Bank reconciliation statement as at January 2021

Bank reconciliation statement as at January 2021

	\$
Balance as per bank statement	16275
Add: Deposit in transit	
Keith Factory	1500
Less: cheques not yet presented	
Cindy Flowers	(5000)
Balance as per adjusted cash at bank account	12775

Qn 2 — different beginning balance

- calculate the difference and tick the item which will appear in the bank statement
- difference either due to CNYP / DIT from prev. month
- both a/c recorded the item, ∴ no need to do anything

Qn 3 — dishonoured check

- just ensure that you can locate the cheque

Qn 4 — debit balance as per bank statement

- will be shown as a negative figure in the bank reconciliation statement
↓ put bracket
(XX)

Qn 5 — Error made by business

- find the cheque and just adjust the amount
↓ debit / credit the amount

Qn 6 — Error made by bank

- find the cheque and just adjust the amount
↓ debit / credit the amount
- If its under withdrawal eg. CAB a/c credit 1470
but bank statement says withdrawal 147
↓

withdrawal to correct it, will
1323 ← further withdraw
↓

Record in the bank reconciliation statement
under less: bank error

