Christina balanced her cash book on 31 October 2014 and brought down a debit balance $3280 on 1 November. Her bank statement for October 2014 showed a closing credit balance of $208

When comparing the cash book with the bank statement, Christina found that:

1) The following items appeared on the cash book – Cheque $280 paid to Wilma, a creditor, Cash sales $1683

2) The following appeared only on bank statement- Bank charges of $109

3) The bank had debited Christina’s business bank account with a standing order for $750 for a life insurance policy premium which should have been paid from Christina’s personal bank account.

a) Make any additional entries required in Christina’s cash book. Calculate a new bank balance at 31 October 2014. Bring down the balance on 1 November2014

b) Prepare a bank reconciliation statement at 31October 2014

c) State the bank balance that should be shown in Christina’s balance sheet on 31 October 2014 and state whether it is an asset or Liability