



A PIONEER INSTITUTE FOR CA COACHING SINCE 1995
DSS- 24-25, PLA Shopping complex, Hisar Ph.#9896685777

PIC/CA-FOUNDATION/May 2021/ BRS
Time: 1:30 Hours

Marks :50

Q1. [SM6] On 30th December, 2017 the bank column of A. Philip's cash book showed a debit balance of Rs. 4,610. On examination of the cash book and bank statement you find that:

1. Cheques amounting to Rs.6,30,000 which were issued to trade payables and entered in the cash book before 30th December, 2017 were not presented for payment until that date.
2. Cheques amounting to Rs.2,50,000 had been recorded in the cash book as having been paid into the bank on 30th December, 2017, but were entered in the bank statement on 1st January, 2018.
3. A cheque for Rs.73,000 had been dishonoured prior to 30th December, 2017, but no record of this fact appeared in the cash book.
4. A dividend of Rs.3,80,000, paid direct to the bank had not been recorded in the cash book.
5. Bank interest and charges amounting to Rs.4,200 had been charged in the bank statement but not entered in the cash book.
6. No entry had been made in the cash book for a trade subscription of Rs.10,000 paid vide banker's order in November, 2017.
7. A cheque for Rs.27,000 drawn by B. Philip had been charged to A. Philip's bank account by mistake in December, 2017.

You are required:

- (a) to make appropriate adjustments in the cash book bringing down the correct balance, and
- (b) to prepare a statement reconciling the adjusted balance in the cash book with the balance shown in the bank statement.

[M-10]

Sol.: (a)
Dr.

A. Philip
Cash Book (Bank column)

Cr.

Date 2017	Particulars	Amount Rs.	Date 2017	Particulars	Amount Rs.
Dec.30	To Balance b/d	4,610	Dec. 30	By Trade receivables-	73,000
	To Dividend received	3,80,000		Cheque Dishonoured	
		3,84,610		By Bank interest & charges	4,200
				By Trade Subscription	10,000
			Dec.31	By Balance c/d	2,97,410
		3,84,610			3,84,610
2018 Jan.1	To Balance b/d	2,97,410			

(b) Bank Reconciliation Statement as on 30th September, 2017

Particulars	Amount Rs.
Balance per cash book	2,97,410
Add: Cheques not yet presented	<u>6,30,000</u>
	9,27,410
Deduct: Lodgement not yet recorded by bank	<u>(2,50,000)</u>
	6,77,410
Deduct: Cheque wrongly charged	<u>(27,000)</u>
Balance as per the bank statement	6,50,410

Q2. According to the Cash-book of Gopi, there was a balance of Rs. 44,500 standing to his credit in bank on 30th June, 20X1. On investigation you find that:

- (i) Cheque amounting to Rs. 60,000 issued to creditors have not been presented for payment till that date.
- (ii) Cheque paid into Bank amounting to Rs. 1,05,000 out of which cheque amounting to Rs. 55,000 only collected by the Bank up to 30th June, 20X1.
- (iii) A dividend of Rs. 4,000 and Rent amounting to Rs. 6,000 received by the Bank and entered in the Pass-Book but not recorded in the Cash-Book.
- (iv) Insurance Premium (up to 31st December, 20X1 paid by the Bank Rs. 2,700 not entered in the Cash-Book).
- (v) The payment side of the Cash-book had been under cast by Rs. 50.
- (vi) Bank charges Rs. 50, shown in the Pass-Book had not been entered in the Cash-Book.
- (vii) A bill payable for Rs. 2,000 has been paid by the Bank but is not entered in the Cash-Book and bill receivable for Rs. 6,000 has been discounted with Bank at a cost of Rs. 100 which has also not been recorded in Cash-book.

You are required:

- (i) To make the appropriate adjustments in the Cash-book, and
- (ii) To prepare a statement reconciling it with the Bank Pass-book.

[M-10]

Sol.

Dr.

(i) Cash Book (with Amended Bank Column)

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
20X1			20X1		
June 30	To Balance b/d	44,500		By Insurance	
	To Dividend A/c	4,000		Premium A/c	2,700
	To Rent A/c	6,000		By Error in Casting	50
	To Bills Receivable A/c	5,900		By Bank Charges A/c	50
				By Bills Payable A/c	2,000
				By Balance c/d	55,600
		60,400			60,400

(ii) Bank Reconciliation Statement as at 30th June 20X1

Particulars	Plus Items Rs.	Minus Items Rs.
A. Bank Balance as per amended Cash Book	55,600	
B. Add: Cheque issued but not yet Presented	60,000	
C. Less: Cheque deposited but not yet collected		50,000
	1,15,000	50,000
D. Bank Balance as per Pass Book	65,600	

Q3. [SM5] On 30th September, 2017, the bank account of X, according to the bank column of the Cash-Book, was overdrawn to the extent of Rs.4,062. On the same date the bank statement showed a credit balance of Rs.20,758 in favour of X. An examination of the Cash Book and Bank Statement reveals the following:

1. A cheque for Rs.13,14,000 deposited on 29th September, 2017 was credited by the bank only on 3rd October, 2017
2. A payment by cheque for Rs.16,000 has been entered twice in the Cash Book.
3. On 29th September, 2017, the bank credited an amount of Rs.1,17,400 received from a customer of X, but the advice was not received by X until 1st October, 2017.
4. Bank charges amounting to Rs.580 had not been entered in the Cash Book.
5. On 6th September, 2017, the bank credited Rs.20,000 to X in error.
6. A bill of exchange for Rs.1,40,000 was discounted by X with his bank. This bill was dishonored on 28th September, 2017 but no entry had been made in the books of X.
7. Cheques issued upto 30th September, 2017 but not presented for payment upto that date totalled Rs.13,26,000.

You are required:

- (a) to show the appropriate rectifications required in the Cash Book of X, to arrive at the correct balance on 30th September, 2017 and
- (b) to prepare a bank reconciliation statement as on that date.

[M-10]

Sol. (a) Cash Book (Bank column)

Date 2017	Particulars	Amount Rs.	Date 2017	Particulars	Amount Rs.
Sep.30	To Party A/c	16,000	Sep.30	By Balance b/d	4,062
	To Customer A/c(Direct deposit)	1,17,400		By Bank charges	580
	To Balance c/d	11,242		By Customer A/c (B/R dishonoured)	1,40,000
		1,44,642			1,44,642

(b) Bank Reconciliation Statement as on 30th September, 2017

Particulars	Amount Rs.
Credit Balance as per Cash Book	11,242
Add: Cheque deposited but not collected upto 30 th September, 2017	<u>13,14,000</u>
	13,25,242
Less: Cheques issued but not presented for payment upto 30 th September, 2017	(13,26,000)
Credit by Bank erroneously on 6 th September	<u>(20,000)</u>
Credit Balance as per bank statement/ Cr. Balance as per P.B.	(20,758)

Note: Bank has credited X by 20,000 in error on 6th September, 2017. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with Rs.13,26,000 resulting in debit balance of Rs.758 as per pass-book.

Q4. [SM10] When Nikki & Co. received a Bank Statement showing a favourable balance of Rs.10,39,200 for the period ended on 30th June, 2017, this did not agree with the balance in the cash book.

An examination of the Cash Book and Bank Statement disclosed the following:

1. A deposit of Rs.3,09,200 paid on 29th June, 2017 had not been credited by the Bank until 1st July, 2017.
2. On 30th March, 2017 the company had entered into hire purchase agreement to pay by bank order a sum of Rs.3,00,000 on the 10th of each month, commencing from April, 2017. No entries had been made in Cash Book.
3. A customer of the firm, who received a cash discount of 4% on his account of Rs.4,00,000 paid the firm a cheque on 12th June. The cashier erroneously entered the gross amount in the bank column of the Cash Book.
4. Bank charges amounting to Rs.3,000 had not been entered in Cash-Book.
5. On 28th June, a customer of the company directly deposited the amount in the bank Rs.4,00,000, but no entry had been made in the Cash Book.
6. Rs.11,200 paid into the bank had been entered twice in the Cash Book.
7. A debit of Rs.11,00,000 appeared in the Bank Statement for an unpaid cheque, which had been returned marked 'out of date'. The cheque had been re-dated by the customer and paid into Bank again on 5th July, 2017.

Prepare Bank Reconciliation Statement on 30th June, 2017.

[M-10]

Sol.: Bank Reconciliation Statement on 30 June, 2017

Particulars	Details (Rs.)	Amount (Rs.)
Balance as per the Pass Book		10,39,200
Add: Deposited with bank but not credited	3,09,200	
Payment of Hire Purchase installments not entered in the Cash Book (Rs.3,00,000 x 3)	9,00,000	
Discount allowed wrongly entered in bank column	16,000	
Bank charges not entered in the Cash Book	3,000	
Deposit entered in the Cash Book twice	11,200	
Cheque returned 'out of date' entered in the Cash Book	11,00,000	23,39,400
		<u>33,78,600</u>
Less: Direct deposit by customer not entered in the Cash Book		(4,00,000)
Balance as per the Cash Book		29,78,600

- Q5.** On 31st March, 20X3 the Pass-book of a trader showed a Credit Balance of Rs. 1,565, but the pass-book balance was different for the following reasons from the Cash Book Balance:
- (i) Cheque issued to 'X' for Rs. 600 and to 'Y' for Rs. 384 were not yet presented for payment.
 - (ii) Bank charged Rs. 35 for Bank charges and 'Z' directly deposited Rs. 816 into the Bank account. Which were not entered in the Cash Book.
 - (iii) Two cheque one from 'A' for Rs. 515 and another 'B' for Rs. 1,250 were collected in the first week of April, 20X3 although they were banked on 25-03-20x3.
 - (iv) Interest allowed by Bank Rs. 45.
- Prepare Bank Reconciliation Statement as on 31st March, 2003. **[M-10]**

Sol.

**Bank Reconciliation Statement
As on 31st March , 20X3**

Particulars	Plus Items	Minus Items
Rs.	Rs.	Rs.
a. Credit Balance as per Bank Pass Book	1,565	
b. Add: Cheques deposited into bank but not yet collected		
A: 515	1,765	
B: <u>1,250</u>	35	
Bank Charges debited by the Bank		
c. Less: Cheques issued but not yet presented for payment (Rs. 600 + Rs. 384)		984
Direct deposit of cash in bank by Z		816
Interest allowed by bank		45
	3,365	1,845
d. Debit balance as per Cash Book	1,520	
