

Max 5
Max 10

Bank Reconciliation Statement

Bank Reconciliation Statement (BRS) is prepared by a businessman to reconcile the difference between the balance as per Bank Statement / Bank Passbook and the balance as per his own books of A/c. [Bank A/c / bank Column of Cash Book].

BRS is prepared at 2 Stages.

State 1:- Initial BRS

It is prepared to find all the differences and errors in my record and bank pass book.

State 2:- Final BRS year End

That is BRS prepared after adjusting all errors in my books.

After preparing Final BRS, an information is send to Bank to rectify the mistakes made by bank.

Eg 1:- From the following, prepare BRS before adjusting Cash Book. [Initial BRS]

Case 1:- Taking balance as per Cash book as Base.

Case 2:- Taking balance as per pass book as Base.

	Rs
Balance as per Cash book (bank Column of Cash Book)	10000
" " " " Pass book	<u>17500</u>
1. Cheque issued but not presented in bank	add 2000
2. Cheque deposited in bank but not yet cleared	less 2500
3. Cheque directly deposit by Mr A in bank not recorded in Cash Book.	4000
4. Interest Credited by bank not recorded in Cash book	Add 500
5. Bank charges Levied (Debited) by bank not recorded in Cash book.	less 100
6. Payment made by Cheque of Rs 16000 entered twice in Cash book.	Add

7. Bank credited Rs 20000 in error

Answer to Eg 1 (Case 1)

Bank Reconciliation Statement

		Rs
	Favourable (Debit) bal as per Cash book ^{moving hand}	00000
Add	Cheque issued but not presented in bank	20000
Less	Cheque deposited in bank but not yet cleared	(25000)
Add	Cheque directly deposited not entered in Cash book	40000
Add	Int. credited by bank not entered in Cash book	5000
Less	Bank charges levied by bank not entered in Cash book	(1000)
Add	Payment made by cheque entered twice in Cash book	16000
Add	Bank Credited in error ¹⁶⁰⁰⁰	20000
	Favourable (Credit) balance as per pass book	175000

Answer to Eg 1 (Case 2)

		₹
	Favourable (Credit) bal as per pass book	175000
Less	Cheque issued but not presented in bank	(20000)
Add	Cheque deposited but not cleared	25000
Less	Cheque directly deposited not entered in Cash book	(40000)
Less	Int. Credited by bank not entered in Cash Book	(5000)
Add	Bank charges levied by bank not entered in Cash book	10000
Less	Payment made by cheque entered twice in Cash book ^{↓ 16 ↓}	(16000)
Less	Bank Credited in Error	(20000)
	Favourable (Debit) balance as per Cash Book	100000



Eg 2:- In Eg 1, prepare final BRS after adjusting Cash Book taking balance as per Cash Book as Base.

Ans to Eg 2

Dr. Bank A/c / Cash Book		Cr.	
Particular	₹	Particular	₹
To bal b/d	10000	By bank charges A/c	100
To A/c	9000	By bal c/d	16000
To Interest A/c	500		
To error of double posting	16000		
	16100		16100

BRS

	Rs.
Favourable (Debit) bal. as per Cash book	16000
Add Cheque issued but not presented	2000
Less Cheque deposited but not cleared	(2500)
Add Bank Credit in error.	2000
Favourable (Credit) bal. as per Pass book	17500

Eg 3:- prepare BRS as on 31 March 2023 of Mr. A before adjusting Cash Book taking bal. as per Cash Book as base.

- Debit bal as per Cash book 25000
- Cheque of Rs 10000 issued during March but cheques amounting to Rs 8000 were presented and cleared till 31/March/2023.
- Govt. grant/subsidy directly received in bank not recorded in Cash Book. 2000
- Annual Subscription directly paid by bank 1000
- Cheque issued by Mr B (Some other person) was wrongly debited in bank a/c of Mr A. 25000
- Payment due by Cash Book was understated 5000

- A deposit in bank wrongly recorded in Cash Column of Cash Book. Cash Book ↑ 5000
- A payment received by cheque wrongly entered thrice in Cash Book. Cash Book ↑ 5000
- Bank Credited an amount received by a Customer but instruction was not to received before 15 April 2023. 18000
- On 1st January 2023 Mr A entered into a rental agreement with Mr C to pay by bank a sum of Rs 7500 pm. 15000 ↓
Commencing from 7th Feb. The payment was duly made but no entry was made in Cash books.
- A Customer who received a Cash discount of 10% on 200000 paid by cheque. 180000
180000 - 18000 = 162000

However the accountant by mistake entered the Gross amount i.e Rs 200000 in Bank Column of Cash Book.

Answer to Eg 3

Bank Reconciliation Statement

	Debit bal as per Cash book	25000
Add	Cheque issued but not cleared/presented	7000
Add	Govt grant/subsidy directly received in bank in bank not recorded in Cash book	2000
Less	Annual subscription directly paid by bank	(1000)
Less	Wrong debit by bank	(25000)
Less	payment Side of Cash book was under Cast 10000 6000 - 5000 = 1000	(5000)
Add	A deposit in bank wrongly recorded in Cash Column of Cash book.	15000
Less	A payment received by cheque wrongly Entered thrice in Cashbook	(10000)
Add	Bank Credited on Amt. received by in error	18000
Less	Rent paid by bank not recorded in Cash Book.	(15000)
Less	Error made by accountant in Cash book	(2000)
	 favourable (Credit) bal. as per pass book	 297000

Eg 4:- In Eg 3, prepare final BRS after adjusting Cash Book taking balance as per pass book as base.

Answer to Eg 4.

Cash Book

To bal b/d	25000	By Subscription A/c	1000
To govt. grant A/c	2000	By Error of understating	5000
To Cash A/c	15000	By Error of triple posting	10000
To Customer A/c	18000	By Rent A/c	15000
		By discount	20000
		By bal a/c	252000
	303000		303000

final BRS.

	favourable (Credit) bal as per pass book	297000
less	Cheque issued but not presented	(7000)
Add	Wrong debit by bank	25000
	favourable (Debit) bal as per Cash book	252000

Eg 5: Prepare BRS by taking balance as per Cash Book as Base.

Cash Book			Particulars		
Date	Particular	₹	Date	Particular	₹
1/3/23	To bal b/d	10000	5/3	By E a/c	2000
10/3	To A A/c	1000	20/3	By F A/c	3000
15/3	To B A/c	2000	31/3	By bal. c/d	15000
20/3	To C A/c	3000			
25/3	To D A/c	4000			
		20000			20000

Pass Book			Dr.		Cr.	
Date	Particular		Withdrawal	Deposit	Bal	
March 1	opening bal.				10000	(G)
	A			1000	11000	(G)
	E		2000		9000	(G)
	B			2000	11000	(G)
	C			3000	14000	(G)
	G entry pass book			5000	19000	(G)
	Bank charges		1000	direct	18000	(G)
April	D			4000	22000	(G)
	F		3000		19000	(G)

Answer to Eg 5.

B R S.

	Favourable (Debit) Bal as per Cash Book	15000
less	cheque deposited but not cleared - Mr D	4000
Add	cheque issued but not presented - Mr. F	3000
Add	direct Deposit by a Customer in bank not yet recorded. Mr G	5000
less	Bank charges debited by bank	1000
	Favourable (Credit) bal as per pass Book	189000

Eg 6:- Prepare final BRS by taking balance as per Passbook as base.
(after adjusting Cash Book)

Reason

Cash Book			
To bal b/d	15000	By bank charges	1000
To G a/c	5000	By bal c/d	199000
	200000		200000

Final Bank Reconciliation Statement

Favourable (Credit) bal. as per Passbook	189000
Add - cheque deposited but not cleared	4000
less - cheque issued but not presented	(3000)
Favourable (Debit) bal. as per Cash Book	199000

Eg 7:- Prepare BRS by taking balance as per Passbook as base.

Cash Book

1/3	To bal b/d	100000		By C	15000
	To A Nat H E clear	5000		By D	20000
	To B	10000	31/3	By bal c/d	80000
		115000			115000

Pass book

	Deposit	Withdrawal	Bal.
April 1 op. bal			90000 (b)
E	30000		120000 (b)
B	10000		130000 (b)
G		4000	90000 (b)
D		20000	70000 (b)
Bank charges		1000	69000 (b)



Initial & final

Answers to Eg. 7. Bank Reconciliation Statement

	Favourable (Credit) bal. as per Pass book.	10000
Add	^{entry cash book} Cheque deposited and but not cleared Mr. B	1000
less	Cheque issued but not presented Mr. D.	2000
		<u>8000</u>

Eg 8:- Prepare BRS taking balance as per Cash Book as Base.

- Overdraft balance as per Cash Book 50000
- Cheque issued but not presented 2000
- Cheque deposited but not cleared 10000
- Bank charges not yet recorded in Cash Book 200
- Credit Side of Bank Column under Cast 5000

BRs

	Overdraft bal. as per Cash Book	5000
+	less Cheque issued but not presented ^{Cash} B/f	2000
-	Add cheque deposited but not cleared [↑]	1000
-	Add Bank charges not yet recorded in Cash Book	2000
-	Add Credit side of Bank column undercast [↑]	5000
	Overdraft / Unfavourable / Debit bal as per pass book	49700

overdraft / Unfavourable / Debit bal as per pass book

10000 16000 25000

$$4000 - 4500$$

Eg 9:- Prepare BRS as on 31st December, 2022 of Max before adjusting Cash Book by Taking balance as per Pass Book as base.

Particulars	Amount
Debit balance of passbook	50000
Cheque totaling Rs 20000 deposited in March out of which cheques amounting to Rs 1000 were cleared after 31/12.	
Cheque dishonoured but not recorded in Cash Book.	-20000
Penalty levied by bank on dishonour.	100
Amount directly received by bank against bill receivable	10000
Online payment made not recorded in Cash book ✓	4000
Cheque wrongly credited by bank ↗	25000
A bill of Rs 7500 discounted by bank (Discount: 500). However the accountant entered the gross amount i.e. 7500 in Cash Book	

A bill of Rs 7500 discounted by bank (Discount: 500). However the accountant entered the gross amount i.e. 7500 in Cash Book

- A bill receivable of Rs 5200 was previously discounted by bank (Dis. 500) and correctly entered in Cash book. However the bill has been now dishonoured and payment was deducted from the account. NO Entry of dishonour has been made in Cash Book.
- On 23/12, the debit balance of Cash Book of Rs 120000 was wrongly brought forward as Credit balance.
- A debit of Rs 2000 appeared in bank statement for an out of unpaid check which has been returned marked "OUT OF DATE/ Signature doesn't tally". The check has been reissued by the Customer and deposited into bank again on 10th January.
- A cheque Rs 5000 Credited in passbook on 29/12 was dishonoured on 2/1. NO Entry of dishonour was made in Cashbook.

Answer to Eg 9

Unfav:	Debit of bal. of passbook	50000
less	cheque totalling Rs 200000 deposited in March out of which cheques amounting to Rs 100000 were cleared after 31/12.	(10000)
+	less cheque dishonoured but not recorded.	(2000)
less	penalty levied by bank on dishonour.	(100)
- Add	Amount directly received by bank against	10000
less	Online payment made not recorded	(4000)
Add	Cheque wrongly Credited by bank	25000
+ Add	A cheque bill discounted by bank wrongly entered in Cash Book	500
+ less	A bill receivable of 5200 discounted by bank has dishonoured	(5200)
- Add	On 23/12 the debit bal. of Cash book of 120000 wrongly brought	24000
+ less	A debit of 20000 appeared in bank statement not recorded in Cash Book	(20000)