Bank Reconsilation Statement [BRS]

~~Sto~~ The reconsilation will bring out any errors that may have been committed either in cash book or in pass book.

Cause of difference in the balances of pass book & cash book

- Timing difference
- Transactions
- Differences arising due to errors in recording the entries.

→ In BRS, Bank is always right.

→ In Bank Pass Book
Cr - deposite / Dr - withdrawls

→ In Cash Book.
Dr - paisa aaya / deposite
Cr - paisa gaya / withdrawls

	Dr	Cr.
C.B.	fav. bal +ve bal.	unfav bal -ve bal overdraft
PB.	unfav Bal -ve bal. overdraft	fav bal +ve bal

Dr balance of Pass Book
↓ Represent
= Cr. bal. of Cash book

Cr. bal of Pass Book
↓ Represent
= Dr. bal. of Cash book

Bus $\xrightarrow{\text{treats}}$ Bank ⇒ as Debtor / TR etc
Bank $\xrightarrow{\text{treats}}$ Busi ⇒ as Creditor / T.P

Bank Pass Book

- Cr bal. - deposite by customer on particular time
- Dr bal - overdraft bal. by customer

Cause of difference

1 - Cheque issued but not presented for Payment.

2 - Cheque deposited but not cleared.

3 - Int allowed by bank

4 - Int & Exp charged by bank.

5. Int & dividends collected by bank.

6. Direct payments by the bank.
   ↳ Bank given direct instruction for certain payments such as Insurance

7. Direct payment into the bank by customer.

8. Dishonour of bill discounted with the bank.

9. Bills collected by the bank on behalf of the customer.
   ↳ when goods are sold and doc. through ~~ba~~ bank. If the bank is able to collect the amt, it will cr the customer's account.

10. Amt directly deducted by bank.

Illus 2 · Bank Reconsilation Statement as on 31st Jan 2019

Particulars	~~Plus~~ Amt	~~Minus Amt~~
Bal. as per cash book	240000	
Cheque issued but not pres.	136000	
-Cheque deposited but not clea	(90000)	~~90000~~
-Bank charges.	(300)	~~300~~
Int Cr. by bank.	1250	
Bal as per pass book.	286950	

Illus 2. BRS as on 31st March 2019

Particulars	Amt
Bal as per Cash Book	1,12,050
Add :- cheque issued but not pres	48000
Less :- cheque recived but not presented	(5000)
Less :- cheque deposited but not cleard	(22000)
Add :- Amt dep. but not recorded in CB.	15700
Add :- Int Cr by. bank.	1500
Less : Bank Charges	(250)
Bal. as per pass book (Cr bal./favourable)	150000

Illus 4

BRS as on 31st dec 2019.

Particulars	Amt
Overdraft as per Cash book	6340
Add :- Int dr in PB but not yet in CB	~~400~~ 160
Add :- Bank charges dr in PB.	400
Add. Cheque deposited but not yet cr in P.B	2217000
Less :- Cheque issued but not presented	(1168000)
Less :- Int coll and cr in bank.	(1200000)
Balance as Per Pass book. →	144100

Or

Particulars	Plus	Minus
Overdraft as per CB.		6340
Int dr in PB but not in CB		160.
Bank charges dr in PB		400.
Cheque issued but not ~~cr by~~ PB. Presented	1168000.	
Cheque paid but not cr by bank.		2217000
Int on investment	1200000	
bal. as per Pass book (cr/fav)		144100

Note:- errors occuring in PB are not adjusted in CB. all adjustments considered in adj CB are not carried again to BRS

CB +ve	CB OD	Pass Book	PB OD
+	-	-	+
+	-	-	+
-	+	+	-
-	+	+	-

adj to be recorded in CB
→ errors [incorrect amt, entry posted twice, over/under cast bal.]
→ omissions [bank charges recorded in PB only, int dr by bank, direct receipt or payment by the bank, dishonour of cheques / bills etc]

illus 5

illus 7

	Plus	Minus
overdraft as per CB.		2245900
Int dr charged by bank		278700
Cheque issued but not present	660000	
Transport Subsidy	1425000	
draft deposited but not cr by bank		135000
B of collection cr.	83600	
Amt wrong debit by bank.		74000
overdraft as per bank statement	1693600	

Illus 10

BRS
as on 30th June 2019.

Particulars	~~Rs~~	Amt ~~Rs~~
Balance as per pass book	1039200	~~1039,200~~
Add: deposited with bank not cr	309200	
Pay of hire purchase inst (300000 x 3)	900000	
dis allow wrongly entered in B. col.	16000	
Bank charges not entered in CB	3000	
Deposited entered in CB twice	~~11200~~ 11200	
cheque returned 'out of date' entered in CB.	~~110000~~ ~~11200~~ 110000	
Less: direct deposit by customer not entered in CB.	~~(11200)~~ 400000	
Bal as per CB.	2978600	

BRS

Illus 11

as on 31st March 2019.

Overdraft as per CB.	5000
Add:- cheque deposited but not collected by Bank	20,00,000
Int on term loan not accounted in books	10,00,000
Bank charges not accounted in books	2500
Less:- cheque issued but not presented	(1200000)
Erroneous cr by bank to Mukesh A/C.	(3068000)
Bal. as per Bank Statement	(1260500)

Casting Error

under cast → Total aapka kam hai

over cast → Total jyada hai

If Starting point is Cash Book

* Receipt side undercast [Dr side] = Plus
* Payment side undercast [Cr side] – Minus
* Receipt side overcast – Minus
* Payment side overcast – Plus.

out going cheque
↳ Cheque issued

Lodgement
↓
uncredited cheques.
or
any payment in a/c either by cash, cheque or any other.

Illus 6

Shreya Choudhary

Bank Reconsilation Statement

Jasmeet Sir

as on dated 31st dec 2019

Particulars	₹
Bal. as per CB	836400
Add:-	
Cheque deposited but not recorded in CB	150000
Mistake in bringing forward	30520
Cheque issued but not yet presented	3699
divident collected by bank but not recorded in CB.	25000
Cheque recorded twice in CB	350000
Less:-	
Cr side of CB undercast.	(10,000)
Cheque issued but not recorded	(131000)
Bank Substruption paid by bank not recorded in CB	(1000)
Balance as per pass book →	12,53,619

Adjusted Cash Book

BRS (is prepared when) → Timing difference → cheque issued but not yet presented
→ Cheque deposited but not yet cleared.

BRS → Error by bank

When adjusted CB is prepared.

- → Theoritically - Year end or end of a period.
- → Exam-POV - If question says prepare adj CB → then only we will prepare

Question → Prepare adjus. CB. (Cash Book) in BRS chapter

- → Adj CB.
  ↓
  adjusted CB will be preapred along with
- → BRS (Consist of)
  - → 1 Cheque issued but not presented
  - → 2 Cheque deposited but not cleared
  - → 3 Error by bank.

other than these three other thing will be recorded in CB (Cashbook)

illus 5

Cash book (Bank column)

Date	Particulars	₹	Date	Particulars	₹
Sept 30	To Party A/c	16000	Sep 30	By Bal. c/d	4062
	To Customer A/c	117400		By Bank charges	580
	To Bal. c/d	11242		By customer A/c	140000
		144642			144642

BRS
as on 30th Sep 2019

Particulars	Amount
overdraft as per C.B.	11242
Add :- cheque deposited but not collected	1314000
Less :- Errors by bank	(20,000)
Cheque issued but not yet presented	(13,26,000)
Cr bal. as per pass book. →	20758

Or
BRS
as on 30th Sep 2019

Particulars	Plus	Minus
overdraft as per Cash book.		11242
Plus :- errors by bank	20,000	
Cheque issued but not yet presented	13,26,000	
Minus :- cheque deposited but not yet collected upto 30 sep 2019		1314000
Bal. as per pass book (favourable/cr) →		20758
	1346000	1346000

A. Philip

Q6

Cash Book (Bank ~~A/c~~ column)

Dr Particulars	₹	Particulars	Rs Cr
To bal. c/d	4610	By Trade Recivable (cheque dishonured)	73000
To Dividend Received	3,80,000	By Bank Interest and charges	4200
		By Trade Subscription	10,000
		By Bal. b/d	297410
	384610		384610

BRS
as on 30th dec 2019.

Particulars	Amount
Bal. as per Cash Book	297410
Add:- Cheque issued but not yet Presented (uncr cheque)	630000
Less:- Lodgement not yet recorded by bank	(250000)
Cheque wrongly charged.	(27000)
Bal. as per Bank Statement	650410.

Practical questions

BRS

(1) as on 31st dec 2019

Particulars	Plus	Minus
Bal as per CB	60,000	
Add:-		
cheque issued but not yet presented	11,00,000	
Customer directly deposited to bank.	5,00,000	
Minus :-		
Cheque deposited but not cr by bank.		1140000
cheque entered in CB but not yet banked		500000
Cheque deposited but dishonoured		400000
Bank charges dr by bank		2000
Bal as per pass book (cr/unfavorable)	382000	
	2042000	2042000

Cash book (bank column)

(2) Dr Cr

Particulars	₹	Particular	₹
To bal b/d	4450000	By Insurance prem	27000
To divident received	40,000	By correction of errors	5000
To Rent Received	600000	By Bank charges	1500
To Bills Receivable (60,000-1000)	59000	By Bills payable	2,00,000
		By Bal b/d	4915500
	5149000		~~51~~ 4900

BRS
as on 30th June 2019

Particulars	₹
Bal as per Cash book	4~~8~~915500
Add :- cheque issued but not yet Presented	6,00,000
Less :- cheque paid into bank but not collectd by the bank	(5,55,000)
Cr Bal as per Pass Book	4~~8~~960500

Q3.

BRS.
as on 30th Sep 2019

Particulars	₹
Bal. as per Pass book	10,00,000
Add :- Cheque received but not sent to bank	1120000
Cr. side of the bank column short cast	2000
Insurance prem paid directly by bank	60,000
Cheque received entered twice	10,000
Bill dishonored.	500000
Less :-	
Cheque deposited deposited into bank but no entry passed in CB	(500000)
Bank charges entered twice	(2000)
Cheque issued but not presented to the bank.	(50000)
Bal. as per CB	1690000

84

BRS

as on 31st March 2019

Particulars	₹
Bal as per Cash book	37,20,000
Add :- Cheque issued to Cr but not yet Presented to the bank for payment	720000
Dividend received by bank but yet entered in the CB.	500000
Int allowed by the bank	12500
Less :-	
Cheques deposited into bank for Collection but not collected by bank up to date	(1540000)
Bank charges	(2000)
Bill dishonoured	(320000)
House rent	(350000)
Cr bal. as per pass book ⇒	2740500

favourable balance or credit balance