

**BANK RECONCILIATION STATEMENT**CH  
3

*The Kite gives a wonderful message. Fly high & high. But stay connected to the ground to our roots or else you will be lost.*

**ACTIVITIES OF BANK**

Acceptance of Deposits	Bank accepts various deposits like Term Deposits, Fixed Deposits, Recurring deposits etc.
Loans	Lending of money is the major revenue earning activity for a bank, e.g., Machinery loan, Housing loan, Vehicle loan and Personal loan etc.
Discounting	Discounting is a process by which the Bank enables its customer to receive the cash before the due date, in consideration of a small charge called discount, e.g., Bills of Exchange/Pro-Note Discounting.
Overdraft	Bank allows overdrafts to its good customers so that they can make payment even when they do not have sufficient balance in their account at the Bank.
Guarantee	The Bank furnishes securities or guarantee for its customers whose credit is good. The Bank charges commission for this service.
Standing Instructions	As per the instructions of the customer and on his behalf, a Bank makes payment to various parties on the due date, e.g. Telephone Bills, Insurance Premium, Credit Card Dues, etc.
Demand Draft	Banks issue Demand Draft based on its customer's request. Demand Draft is also called as Banker's Cheque, Pay Order, etc. in some cases.

**BANK PASS BOOK OR STATEMENT**

1. Bank Pass Book (also known as Bank Statement) is an extract of the Ledger Account of the customer, as per the Bank's books of Accounts.
2. It is a periodical statement of account in which all transactions, i.e, deposits and withdrawals made by the customer during the particular period is recorded.

## BANK RECONCILIATION STATEMENT

Dr: +ve / Favourable Balance Cr: -ve / Overdraft / Unfavourable				CUSTOMER Cash Book				
Date	Receipts	Cash	Bank	Date	Payments	Cash	Bank	
Cr: +ve / Favourable Balance Dr: -ve / Overdraft / Unfavourable				BANK Pass Book <span style="font-size: small;">[Bank Statement / Ledger A/c of Customer]</span>				
Date	Particulars			Ref. No.	Withdrawals	Deposits	Dr/ Cr	Balance

3. A comparative analysis of the Cash Book (Bank Column) and Bank Pass Book is given below

Point	In Cash Book of Customer	In Bank Pass Book
Debit Entries in Cash Book	<ul style="list-style-type: none"> <li>• Deposits of cash into Bank</li> <li>• Receipt of cheques from debtors</li> <li>• Other Incomes/Receipts, e.g. Interest, Dividend, Capital introduced, etc.</li> <li>• B/R Collection, Income on Investment, etc. by the Bank.</li> </ul>	These are recorded as "Deposits" in the Pass Book, i.e. on the credit side of the Pass book
Credit Entries in Cash Book	<ul style="list-style-type: none"> <li>• Withdrawal of cash from Bank</li> <li>• Payment to Creditors/ of Expenses</li> <li>• Bank Interest, Charges by the Bank</li> <li>• Payment as per standing instructions</li> </ul>	These are recorded as "Withdrawals" in the Pass book, i.e. on the debit side of the Pass book
Favourable Balance	Such balance will normally appear on the debit side of cash book (Bank column)	Credit Balance in Pass Book represents a favourable balance, i.e. Normal Balance
Overdraft balance	Such balance will normally appear on the credit side of Cash Book (Bank column)	Debit Balance in Pass Book represents an unfavourable balance i.e. Overdraft Bal.

Note:

For each entry in the Cash Book, there should be corresponding opposite entry in Pass book. This is because the business enterprises treat the Bank as Debtor A/c (Receivable/Asset) and bank treats the business enterprises as a Creditor (i.e. Payable/Liability).

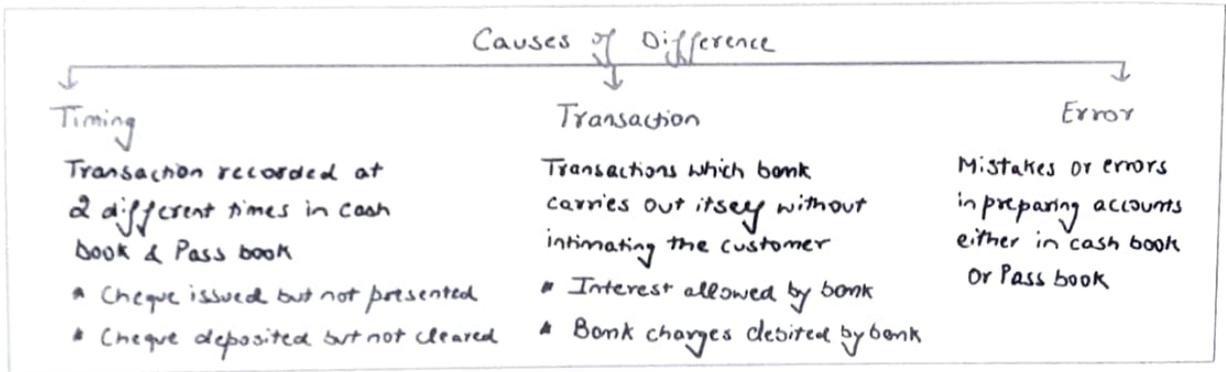
**BANK RECONCILIATION STATEMENT**

1. Bank Reconciliation Statement: At periodical intervals, the customer/ business entity (i.e. Account Holder in the Bank), should compare the balance in Bank as shown by the Cash Book with the Pass Book. In case of any differences between the two, they should be analyzed by listing out the various reasons for such difference. Such a statement is called Bank Reconciliation Statement (BRS).

It is prepared by Customer/Bank Account holder. It is prepared to know the causes for difference between balance as per Bank Column of Cash Book & Pass Book/Bank Statement.

2. Advantages: The advantages of Bank reconciliation statement are-
- (a) To record entries which have been missed out in the Cash Book, e.g. Interest charged/allowed by the bank, bank charges, and direct collection by bank etc.
  - (b) To identify any errors that may be committed either in cash book or in bank statement,
  - (c) To identify any undue delay in the clearance of cheque and
  - (d) To act as a deterrent against embezzlement frauds.

**DIFFERENCES BETWEEN BANK STATEMENT AND CASH BOOK**



The common reasons for difference between the balances as per cash book and the bank statement are-

1	Cheques issued but not yet presented for payment	Payment is recorded in the cash book immediately on issue of a cheque. However, the bank debits the Customer's (i.e. Account Holders') Account only when the cheque is presented for payment. There may be a time gap between the entry in the cash book and in the bank statement.
2	Cheques deposited into bank not yet credited/cleared	Receipts are recorded in the cash book when the cheques are sent to the Bank. However, the bank would credit the account only when they have been cleared

## BANK RECONCILIATION STATEMENT

3	Interest allowed/credited by bank	Interest credited by the Bank in the account (if any) will be reflected only in the bank pass book. They will have to be recorded in the cash book only after receiving the pass book.
4	Interest & Dividends collected by Bank	When investments are kept with the bank for safe custody, the income thereon may be collected by the bank directly. This will be recorded in the cash book later.
5	Direct payments into Bank by a customer	Amount directly received by the bank from the Company's customer will be recorded in the cash book only after analyzing the pass book.
6	Bills Receivables collected by Bank on behalf of the customer	The bank collects the proceed of bills receivable when the documents of title are sent through it. On collection, the bank will credit the customer's account. The customer may make the entry only on receiving the bank statement at the end of the period.
7	Interest & Expenses charged by bank	Interest and expenses charged by bank (for Cheque Book, Demand draft, outstation cheque collection, etc.) will be recorded by the customer company only after seeing the pass book.
8	Direct payment by bank	When standing Instructions for certain payments, e.g. Insurance premium, telephone bills, etc. are given to the Bank; the company may come to know of the actual payment only on seeing the Pass Book at the end of the period.
9	Dishonour of a bill discounted with the Bank	If the Bank is not able to receive payment on Bills of Exchange discounted by it, it will debit the customer's account together with any charges thereon. The customer will make the entry only when he sees the Bank statement.
10	Error in Pass Book/Cash Book	Errors committed in the Pass Book/ Cash Book will also contribute to difference between the balances shown by the books.

Note:

- Items 1 & 2 are recorded in the Cash Book first, and later on reflected in the Bank Pass Book/Statement.
- Items 3 to 9 are recorded first in Pass Book, and later recorded in Cash Book. Out of these, Item 3,4,5 and 6 constitute receipts into Bank Account and Items 7,8 and 9 constitute Payments out of Bank A/c.

### PROCEDURE FOR BANK RECONCILIATION STATEMENT

BRS may be prepared in two ways-

- Without adjusting the Cash Book, i.e. Preparation of BRS only.
- After adjusting Cash Book for Items 3 to 10 given above, i.e. Preparation of Adjusted Cash Book and BRS.

The Procedures for preparing the BRS is explained below-

**METHOD 1: PREPARATION OF BRB ONLY (i.e. WITHOUT ADJUSTING CASH BOOK)**

Starting Point	Cash Book Balance		Pass Book Balance	
	Dr. Balance in Cash Book (Favourable)	Cr. Balance in Cash Book (Overdraft)	Dr. Balance in Pass Book (Overdraft)	Cr. Balance in Pass Book (Favourable)
Balance as per Starting Point				
1. Cheques issued but not yet presented for payment (Item 1)	Add	Subtract	Add	Subtract
2. Cheques deposited into Bank but not yet credited /cleared (Item 2)	Subtract	Add	Subtract	Add
3. Interest allowed by Bank (Item 3)	Add	Subtract	Add	Subtract
4. Interest & Dividends collected by Bank (Item 4)	Add	Subtract	Add	Subtract
5. Direct payments into Bank by a customer (Item 5)	Add	Subtract	Add	Subtract
6. Bill Receivable collected by bank on behalf of the customer (Item 6)	Add	Subtract	Add	Subtract
7. Interest & Expenses charged by Bank (Item 7)	Subtract	Add	Subtract	Add
8. Direct Payments by bank (Item 8)	Subtract	Add	Subtract	Add
9. Dishonour of a bill discounted with the Bank (Item 9)	Subtract	Add	Subtract	Add
10. Wrong Entries (Item 10)				
(a) Wrong Debit in Cash Book or in Pass Book, under-casting of Cr. Side of Cash Book, overcasting of Dr. side of cash book etc.	Subtract	Add	Subtract	Add
(b) Wrong Credit in Cash Book or Pass Book, overcasting of Cr. side of Cash book, undercasting of Dr. side of cash book	Add	Subtract	Add	Subtract
Balances as per End Point	Pass Book Balance		Cash Book Balance	
Positive (+) End Point balance indicates	Favourable i.e. Cr. Bal. as per Pass Book	Overdraft i.e. Dr. Bal. as per Pass Book	Overdraft i.e. Cr. Bal. as per Cash Book	Favourable i.e. Dr. Bal. as per Cash Book
Negative (-) End Point balance indicates	Overdraft i.e. Dr. Bal. as per Pass Book	Favourable i.e. Cr. Bal. as per Pass Book	Favourable i.e. Dr. Bal. as per Cash Book	Overdraft i.e. Cr. Bal. as per Cash Book

**METHOD 2: PREPARATION OF ADJUSTED CASH BOOK AND BRS**

When the balance in the cash book is first adjusted for certain adjustments before taking it to the bank reconciliation statement, then it is known as adjusted cash book balance. Adjusting the cash-book before preparing the bank reconciliation statement is completely optional, if reconciliation is done during different months. But if reconciliation is done at the end of the accounting year or financial year, the cash-book must be adjusted so as to reflect the correct bank balance in the balance sheet.

Errors occurring in the pass-book are not to be adjusted in the cash book. All the adjustments considered in the adjusted cash-book are not carried again to the Bank Reconciliation Statement.

Step 1:

Prepare Adjusted Cash Book with the following Debits and Credits

Receipts	₹	Payments	₹
To balance b/d (in case of Favourable Bal. as per Cash Book)		By balance b/d (in case of Overdraft Bal. as per Cash Book)	
To Interest allowed by Bank	Item 3	By Interest & Expenses charged by bank	Item 7
To Interest & Dividends collected by Bank	Item 4	By Direct payments by bank as per Standing Instructions	Item 8
To Direct Payments into Bank by firm's customers	Item 5	By dishonour of a bill discounted with the bank	Item 9
To Bill Receivable collected by bank on behalf of firm	Item 6		
To Rectification of Error in Cash Book, e.g. double credit posting, credit overcast, debit under cast, debit entry omission etc.	Item 10	By Rectification of Error in cash book, e.g. double debit posting, debit overcast, credit undercast, credit entry omission etc.	Item 10
To balance c/d (in case of Overdraft bal. as per Cash Book)		By balance c/d (in case of Favourable bal. as per Cash Book)	
Total		Total	

Note:

- The closing balance in the above Adjusted Cash Book is called Adjusted Cash Balance. This will be taken to the BRS.
- Prepared under Step 2 below.
- In Item 10, Errors made in Cash Book will be adjusted, but errors made in Pass Book will not be given effect in Cash Book.

## BANK RECONCILIATION STATEMENT

Step 2.

Prepare Bank Reconciliation Statement as under-

Starting Point	Cash Book Balance		Pass Book Balance	
Balance as per Starting Point	Dr. Balance in Cash Book (Favourable)	Cr. Balance in Cash Book (Overdraft)	Dr. Balance in Pass Book (Overdraft)	Cr. Balance in Pass Book (Favourable)
1. Cheques issued but not yet presented for payment (Item 1)	Add	Subtract	Add	Subtract
2. Cheques deposited into Bank but not yet credited/cleared (Item 2)	Subtract	Add	Subtract	Add
3. Wrong Cr. in Pass Book (Item 10)	Add	Subtract	Add	Subtract
4. Wrong Dr. in Pass Book (Item 10)	Subtract	Add	Subtract	Add
Balance as per End Point	Pass Book Balance		Cash Book Balance	
Positive (+) End point balance indicates	Favourable i.e. Cr. bal. as per pass book	Overdraft i.e. Dr. Bal, as per Pass Book	Overdraft i.e. Cr. Bal. as per Cash Book	Favourable Dr. Bal. as per Cash Book
Negative (-) End Point balance indicates	Overdraft i.e. Dr. Bal. as per Pass Book	Favourable i.e. Cr. Bal. as per Pass Book	Favourable i.e. Dr. Bal. as per Cash Book	Overdraft i.e. Cr. Bal as per Cash Book

## ASSIGNMENT QUESTIONS

### Question 1 (ICAI Study Material)

Pg no. \_\_\_\_\_

On 30th June 2023, the Bank Pass Book of Namrata showed a balance of ₹ 1,50,000 to her credit while balance as per cash book was ₹ 1,12,050.

On scrutiny of the two books, she ascertained the following causes of difference:

- a) She has issued cheques amounting to ₹ 80,000 out of which only ₹ 32,000 were presented for payment.
- b) She received a cheque of ₹ 5,000 which she recorded in her cash book but forgot to deposit in bank.
- c) A cheque of ₹ 22,000 deposited by her has not been cleared yet.
- d) Mr. Gupta deposited an amount of ₹ 15,700 in her bank which has not been recorded by her in Cash Book yet.
- e) Bank has credited an interest of ₹ 1,500 while charging ₹ 250 as bank charges.

Prepare a bank reconciliation statement.

### Question 2 (RTP Nov 2021) (Similar)

Pg no. \_\_\_\_\_

On 31st March, 2023 the pass-book of a trader showed a credit balance of ₹15,65,000 but the passbook balance was different for the following reasons from the cash book balance:

1. Cheques issued to 'X' for ₹ 60,000 and to 'Y' for ₹3,84,000 were not yet presented for payment.
2. Bank charged ₹350 for bank charges and 'Z' directly deposited ₹1,816 into the bank account, which were not entered in the cash book.
3. Two cheques-one from 'A' for ₹ 5,15,000 and another from 'B' for ₹ 12,500 were collected in the first week of April, 2023 although they were banked on 25.03.2023.
4. Interest allowed by bank ₹ 4,500
5. Wrong credit by Bank ₹ 20,000
6. Amount wrongly debited to trader account by the Bank ₹ 15,000
7. Bank paid house tax ₹ 5,000 on our behalf, but no information received from bank in this connection.

Prepare a bank reconciliation statement as on 31st March, 2023.

### Question 3 (ICAI Study Material)

Pg no. \_\_\_\_\_

Prepare a bank reconciliation statement as on 30th September, 2023 from the following particulars:

Particulars	Amount
Bank balance as per pass-book	10,00,000
Cheque deposited into the bank, but no entry was passed in the cash-book	5,00,000
Cheque received, but not sent to bank	11,20,000
Credit side of the bank column cast short	2,000
Insurance premium paid directly by the bank under the standing advice	60,000
Bank charges entered twice in the cash book	2,000
Cheque issued, but not presented to the bank for payment	5,00,000
Cheque received entered twice in the cash book	10,000
Bills discounted dishonoured not recorded in the cash book.	5,00,000

## BANK RECONCILIATION STATEMENT

Pg no. \_\_\_\_\_

### Question 4

Prepare Bank Reconciliation Statement as on 30th September, 2023:

	Amount
Bank overdraft as per Pass-Book	21,494
A cheque deposited as per Pass-Book, but not recorded in Cash-book	700
Debit side of Bank column undercast	100
A cheque of ₹ 5,000 deposited, but credited in Pass book as	4,996
A party's cheque returned dishonored as per Pass-book only	530
Bill collected directly by the Bank	3,500
Bank charges recorded twice in the Cash-book	25
A Bill for ₹ 8,000 discounted for ₹ 7,960 returned dishonored by the Bank.	15
Noting charges being	2,320
Cheque deposited, but not yet collected by the Bank	1,250
Cheque issued, but not yet presented to the bank for payment	

Pg no. \_\_\_\_\_

### Question 5 (RTP May 2018)/(RTP Nov 2022) (Similar)

The Cash-book of M/s ABC shows ₹ 27,570 as the balance at Bank as on 30th September, 2023. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found:

- a) Subsidy ₹ 10,250 received from government directly by bank, but not advised to company
  - b) On 15th September, 2023 the payments side of the Cash-book was under cast by ₹ 350.
  - c) On 20th September, 2023 the debit balance of ₹ 2,156 as on the previous day, was brought forward as credit balance in Cash-book.
  - d) A customer of the M/s ABC, who received a cash discount of 5% on his account of ₹ 2,000, paid to M/s ABC a cheque on 24th September, 2023. The cashier erroneously entered the gross amount in the Cash-Book.
  - e) On 10th September, 2023 a bill for ₹ 5,700 was discounted from the bank, entered in Cash-book, but proceeds credited in Bank Statement amounted to ₹ 5,500 only.
  - f) A cheque issued amounting to ₹ 1,725 returned marked 'out of date'. No entry made in Cash-book.
  - g) Insurance premium ₹ 756 paid directly by bank under standing order. No entry made in cash-book.
  - h) A bill receivable for ₹ 1,530 discounted for ₹ 1,500 with the bank had been dishonoured on 30th September, 2023, but advice was received on 1st October, 2023.
  - i) Bank recorded a Cash deposit of ₹ 1,550 as ₹ 1,505.
- Prepare Bank Reconciliation Statement on 30th September, 2023.

### Question 6 (RTP Nov 2018) / (RTP Nov 2020)

Pg no. \_\_\_\_\_

Prepare a Bank Reconciliation Statement of Shri Hari as on 31st March, 2023:

- (i) Balance as per Pass Book is ₹ 10,000.
- (ii) Bank collected a cheque of ₹ 500 on behalf of Shri Hari but wrongly credited it to Shri Hari's Account (another customer of bank).
- (iii) Bank recorded a cash deposit of ₹ 1,589 as ₹ 1,598.
- (iv) Withdrawal column of the Pass Book undercast by ₹ 100.
- (v) The credit balance of ₹ 1,500 on page 5 was recorded on page 6 as debit balance.
- (vi) The payment of a cheque of ₹ 350 was recorded twice in the Pass Book.
- (vii) The Pass Book showed a credit for a cheque of ₹ 1,000 deposited by Shri Hari (another customer of the bank).

## BANK RECONCILIATION STATEMENT

### Question 7 (ICAI Study Material)

Pg no. \_\_\_\_\_

The Cash Book of Mr. Gadbawala shows ₹ 8,36,400 as the balance at Bank as on 31st December, 2023, but you find that it does not agree with the balance as per the Bank Pass Book. On scrutiny, you find the following discrepancies:

- (1) On 15th December, 2023 the payment side of the Cash Book was undercast by ₹10,000.
- (2) A cheque for ₹1,31,000 issued on 25th December, 2023 was not taken in the bank column.
- (3) One deposit of ₹1,50,000 was recorded in the Cash Book as if there is no bank column therein.
- (4) On 18th December, 2023 the debit balance of ₹15,260 as on the previous day, was brought forward as credit balance in the Cash Book.
- (5) Of the total cheques amounting to ₹11,514 drawn in the last week of December, 2023, cheques aggregating ₹7,815 were encashed in December.
- (6) Dividends of ₹25,000 collected by the Bank and subscription of ₹1,000 paid by it were not recorded in the Cash Book.
- (7) One out-going Cheque of ₹3,50,000 was recorded twice in the Cash Book.

Prepare a Reconciliation Statement.

### Question 8 (ICAI Study Material)

Pg no. \_\_\_\_\_

The following are the Cash Book (bank column) and Pass Book of Jain for the months of March, 2023 and April, 2023:

Cash Book (Bank Column only)

Date	Particulars	Amount	Date	Particulars	Amount
1/3/23	To Balance b/d	60,000	3/3/23	By Cash A/c	2,00,000
6/3/23	To Sales A/c	3,00,000	7/3/23	By Modi	60,000
10/3/23	To Ram	65,000	12/3/23	By Patil	30,000
18/3/23	To Singhal	2,70,000	18/3/23	By Suresh	40,000
25/3/23	To Goyal	33,000	24/3/23	By Ramesh	1,50,000
31/3/23	To Patel	65,000	31/3/23	By Balance c/d	3,13,000
		7,93,000			7,93,000

Pass Book

Date	Particulars	Amount (Dr.)	Amount (Cr.)	Dr. or Cr.	Balance
1/4/23	By Balance b/d		3,65,000	Cr.	3,65,000
3/4/23	By Goyal		33,000	Cr.	3,98,000
5/4/23	By Patel		65,000	Cr.	4,63,000
7/4/23	To Naresh	2,80,000		Cr.	1,83,000
12/4/23	To Ramesh	1,50,000		Cr.	33,000
15/4/23	To Bank Charges	200		Cr.	32,800
20/4/23	By Usha		17,000	Cr.	49,800
25/4/23	By Kalpana		38,000	Cr.	87,800
30/4/23	To Sunil	6,200		Cr.	81,600

Reconcile the balance of cash book on 31/3/2023.

### Question 9 (ICAI Study Material)

Pg no. \_\_\_\_\_

Prepare a bank reconciliation statement from the following particulars on 31st March, 2023 and show the balance as per cash book:

- a) Overdraft as per passbook on March 31, 2023, is ₹ 3,00,000.
- b) Interest on bank overdraft not entered in the cash book ₹ 36,500

## BANK RECONCILIATION STATEMENT

- c) Insurance premium of ₹ 17,950 was due and paid by the bank but same has not been accounted in the books.
- d) Cheques drawn in the last week of March, 2023, but not cleared till date for ₹ 13,000 and ₹ 23,500.
- e) Cheques deposited into bank on February, 2023, but yet to be credited on dated March 31, 2023 ₹ 56,000.
- f) Amount of ₹ 20,500 is wrongly debited by the bank
- g) Interest on Investment ₹ 83,800 collected and credited by bank but the same has not been entered in the Cash Book

Pg no. \_\_\_\_\_

### Question 10 (CA Foundation May 2018) (10 Marks)

The Bank Pass Book of Account No. 5678 of Mrs. Rani showed an overdraft of ₹ 33,575 on 31st March 2023. On going through the Pass Book, the accountant found the following:

- (i) A Cheque of ₹ 1,080 credited in the pass book on 28th March 2023 being dishonoured is debited again in the pass book on 1st April 2023. There was no entry in the cash book about the dishonour of the cheque until 15th April 2023.
  - (ii) Bankers had credited her account with ₹ 2,800 for interest collected by them on her behalf, but the same has not been entered in her cash book.
  - (iii) Out of ₹ 20,500 paid in by Mrs. Rani in cash and by cheques on 31st March 2023 cheques amounting to ₹ 7,500 were collected on 7th April, 2023.
  - (iv) Out of Cheques amounting to ₹ 7,800 drawn by her on 27th March, 2023 a cheque for ₹ 2,500 was encashed on 3rd April, 2023.
  - (v) Bankers seems to have given here wrong credit for ₹ 500 paid in by her in Account No. 8765 and a wrong debit in respect of a cheque for ₹ 300 against her account No. 8765.
  - (vi) A cheque for ₹ 1,000 entered in Cash Book but omitted to be banked on 31st March, 2023.
  - (vii) A Bill Receivable for ₹ 5,200 previously discounted (Discount ₹ 200) with the Bank had been dishonoured but advice was received on 1st April, 2023.
  - (viii) A Bill for ₹ 10,000 was retired /paid by the bank under a rebate of ₹ 175 but the full amount of the bill was credited in the bank column of the Cash Book.
  - (ix) A Cheque for ₹ 2,400 deposited into bank but omitted to be recorded in Cash Book and was collected by the bank on 31st March, 2023.
- Prepare Bank Reconciliation Statement as on 31st March, 2023.

### Question 11 (ICAI Study Material)

Pg no. \_\_\_\_\_

When Nikki & Co. received a Bank Statement showing a favourable balance of ₹10,39,200 for the period ended on 30th June, 2023, this did not agree with the balance in the cash book. An examination of the Cash Book and Bank Statement disclosed the following:

- a) A deposit of ₹3,09,200 paid on 29th June, 2023 had not been credited by Bank until 1st July, 2023.
- b) On 30th March, 2023 the company had entered into hire purchase agreement to pay by bank order a sum of ₹3,00,000 on the 10th of each month, commencing from April, 2023. No entries had been made in Cash Book.
- c) A customer of the firm, who received a cash discount of 4% on his account of ₹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.
- d) Bank charges amounting to ₹3,000 had not been entered in Cash-Book.
- e) On 28th June, a customer of the company directly deposited the amount in the bank ₹ 4,00,000, but no entry had been made in the Cash Book.
- f) ₹11,200 paid into the bank had been entered twice in the Cash Book.

## BANK RECONCILIATION STATEMENT

g) A debit of ₹ 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, 2023.

Prepare Bank Reconciliation Statement on 30 June, 2023.

### Question 12 (ICAI Study Material)

Pg no. \_\_\_\_\_

According to the cash-book of Gopi, there was a balance of ₹ 44,50,000 in his bank on 30th June, 2023. On investigation you find that :

- a) Cheques amounting to ₹ 6,00,000 issued to creditors have not been presented for payment till date.
- b) Cheques paid into bank amounting to ₹ 11,05,000 out of which cheques amounting to ₹ 5,50,000 only collected by the bank up to 30th June 2023.
- c) A dividend of ₹ 40,000 and rent amounting to ₹ 6,00,000 received by the bank and entered in the pass-book but not recorded in the cash book.
- d) Insurance premium (up to 31st Dec, 2023) paid by the bank ₹ 27,000 not entered in the cash book.
- e) The payment side of the cash book had been under casted by ₹ 5,000.
- f) Bank charges ₹ 1,500 shown in the pass book had not been entered in the cash book.
- g) A bill payable of ₹ 2,00,000 had been paid by the bank but was not entered in the cash book and bill receivable for ₹ 60,000 had been discounted with the bank at a cost of ₹ 1,000 which had also not been recorded in cash book.

Required:

- (a) to make the appropriate adjustments in the cash book, and
- (b) to prepare a statement reconciling it with the bank pass book.

### Question 13 (ICAI Study Material)/(RTP Nov 2019)/(Nov 2023) (Similar)

Pg no. \_\_\_\_\_

On 30th September, 2023, the bank account of X, according to the bank column of the Cash-Book, was overdrawn to the extent of ₹ 4,062. On the same date the bank statement showed a credit balance of ₹ 20,758 in favour of X. An examination of the Cash Book and Bank Statement reveals the following:

1. A cheque for ₹13,14,000 deposited on 29th September, 2023 was credited by the bank only on 3rd October, 2023
2. A payment by cheque for ₹16,000 has been entered twice in the Cash Book.
3. On 29th September, 2023, the bank credited an amount of ₹1,17,400 received from a customer of X, but the advice was not received by X until 1st October, 2023.
4. Bank charges amounting to ₹580 had not been entered in the Cash Book.
5. On 6th September, 2023, the bank credited ₹20,000 to X in error.
6. A bill of exchange for ₹1,40,000 was discounted by X with his bank. This bill was dishonoured on 28th September, 2023 but no entry had been made in the books of X.
7. Cheques issued upto 30th September, 2023 but not presented for payment upto that date totalled ₹ 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, 2023 and
- b) to prepare a bank reconciliation statement as on that date.

### Question 14 (MTP March 2022)

Pg no. \_\_\_\_\_

On 30th June 2023, Cash Book of Ms. Suman (Bank Column of Account No. 1) shows a Bank Overdraft of ₹ 1,97,400. On going through the Bank Pass book for reconciling the Balance, she found the following:

## BANK RECONCILIATION STATEMENT

- (a) Out of cheques drawn on 26th June, those for ₹ 14,800 were cashed by the bankers on 2nd July.
- (b) A crossed cheque for ₹ 3000 given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1st July.
- (c) Cash and cheques amounting to ₹ 13,600 were deposited in the Bank on 29th June., but cheques worth ₹ 5,200 were cleared by the Bank on 1st July., and one cheque for ₹ 1,000 was returned by them as dishonoured on the latter date.
- (d) According to Suman's standing instructions, the bankers have on 30th June, paid ₹ 1,280 as interest to her creditors, paid quarterly premium on her policy amounting to ₹ 640 and have paid a second call of ₹ 2,400 on shares held by her and lodged with the bankers for safe custody. They have also received ₹ 600 as dividend on her shares and recovered an Insurance Claim of ₹ 3,200, as their charges and commission charged on the above being ₹ 400. On receipt of information of the above transaction, she has passed necessary entries in her Cash Book on 1st July.
- (e) Bankers seem to have given a wrong credit for ₹ 2,000 paid in by her in No. 2 account and wrong debit in respect of a cheque for ₹ 1,200 drawn against her No. 2 account.
- Prepare a Bank Reconciliation Statement as on 30th June, 2023.

### Question 15 (ICAI Study Material)

Pg no. \_\_\_\_\_

Mr. Manoj is employed by Century Rayon and Carpets Pvt Ltd. as their cashier. The main responsibility of Mr. Manoj is to maintain the company's cash book and prepare a bank reconciliation statement at the end of each month. The cash book (only bank column) is set out below together with a copy of the bank statement for the month of February 2023.

You are required to :

- Reconcile the cash book with the bank statement.
- Make necessary entries to update the cash book.
- Start with the balance as per cash book, list any unpresented cheques and sub-total on the reconciliation statement.

Century Rayon and Carpets Pvt Ltd  
Cash Book (Bank Column only)

Date	Particulars	Amount	Date	Particulars	Amount
1/2/23	To Balance b/d	1,42,500	3/2/23	By Bhagwandas	1,980
1/2/23	To Blue & Co.	1,570	5/2/23	By Maruti Ltd. (400460)	1,500
4/2/23	To GM Ltd.	2,430	12/2/23	By Jackson Ltd. (400461)	54,000
8/2/23	To Robinson Ltd.	910	18/2/23	By PC Computers (400462)	1,420
13/2/23	To Donald	750	21/2/23	By Shiv Garage (400463)	49,000
20/2/23	To Avenue Super Mart	4,200	26/2/23	By Petty Cash (400465)	1,500
28/2/23	To Sleep Well Ltd.	940	26/2/23	By Shweta & Co. (400464)	2,100
			26/2/23	By AV Partners (400466)	5,200
			28/2/23	By Balance c/d	36,600
		1,53,300			1,53,300

**BANK RECONCILIATION STATEMENT**

Customer: Century Rayon and Carpets Pvt Ltd  
Account No - xxxxx0439

Account Statement for the month of February 2023

Date	Particulars	Amount (Dr.)	Amount (Cr.)	Dr. or Cr.	Balance
1/2/23	Balance b/d			Cr.	1,42,500
3/3/23	Cheques		1,570	Cr.	1,44,070
6/2/23	Maruti Ltd.	1,500		Cr.	1,42,570
7/4/23	Bhagwandas	1,980		Cr.	1,40,590
12/2/23	GM Ltd.		2,430	Cr.	1,43,020
15/2/23	Robinson Ltd.		910	Cr.	1,43,930
20/2/23	Premium of New India Insurance Ltd.	3,800		Cr.	1,40,130
22/2/23	Donald		750	Cr.	1,40,880
22/2/23	400463	49,000		Cr.	91,880
23/2/23	Cheques		4,200	Cr.	96,080
26/2/23	Savita	1,030		Cr.	95,050
26/2/23	400465	1,500		Cr.	93,550
27/2/23	Shreya		2,200	Cr.	95,750
28/2/23	Bank Charges	2,538		Cr.	93,212

Pg no. \_\_\_\_\_

**Question 16** (CA Foundation June 2023) (5 Marks)

From the following information prepare a Bank Reconciliation Statement as on 31st March 2023 for A Ltd.

	₹
Bank overdraft as per cash book as 31st March, 2023	15,50,750
1. Cheques deposited on 15th February, 2023 credited on 5th April, 2023	12,50,000
2. Interest debited by bank on 31st March, 2023 but not entered in Cash Book	1,75,500
3. Cheques issued before 31st March, 2023 but not yet presented	7,75,000
4. On 10th March, 2023 bank credited to A Ltd. in error	1,50,000
5. Draft deposited in bank but not credited till 31st March, 2023	12,75,000
6. Bills for collection credited by bank but no advice received by the company	9,45,000
7. Bank charges charged by bank but not entered in cash book	2,85,000
8. Transport subsidy received from the state government directly by the bank not advised to the company	17,50,000