

CA Foundation Accounts Test Series

Chapter 3 Bank Reconciliation Statement

1. Prepare a Bank Reconciliation Statement of Shri Hari as on 31st March, 2020:

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

Solution:-

Bank Reconciliation Statement as at 31.03.2020

		₹
Balance as per Pass Book		10,000
Add: Cheque wrongly credited to another customer's A/c	500	
Error in carrying forward	3,000	
Cheque recorded twice	<u>350</u>	<u>3,850</u>
		13,850
Less: Excess credit for cash deposit	9	
Undercasting of withdrawal column	100	
Wrong credit	<u>1,000</u>	<u>1,109</u>
Balance as per Cash Book		<u>12,741</u>

2. On 30th November, 2018, the Cash Book of Mr. Hari showed an overdrawn position of Rs 4,480 although his Bank Statement showed only Rs 3,200 overdrawn. An examination of the two records showed the following errors:

- (i) The debit side of the Cash Book was undercast by Rs 400.
- (ii) A cheque for Rs 1,600 in favour of Y suppliers Ltd. was omitted by the bank from the statement, the cheque was debited to another customer's Account.
- (iii) A cheque for Rs 172 drawn for payment of telephone bill was recorded in the Cash Book as Rs 127 but was shown correctly in the Bank Statement.
- (iv) A cheque for Rs 425 from Mr. Pal paid into bank was dishonoured and shown as such on the Bank Statement, although no entry relating to the dishonoured cheque was made in the Cash Book.
- (v) The Bank had debited a cheque for Rs 150 to Mr. Hari's Account by mistake, it should have been debited by them to Mr. Kar's Account.
- (vi) A dividend of Rs 100 was collected by the bank but not entered in the Cash Book.
- (vii) Cheques totalling Rs 1,300 drawn on November was not presented for payment.
- (viii) Cheque for Rs 1,200 deposited on 30th November was not credited by the Bank.
- (ix) Interest amounting to Rs 300 was debited by the Bank but yet to be entered in the Cash Book.

You are required to prepare a Bank Reconciliation Statement on 30th November, 2018.

Solution:-

Bank Reconciliation Statement as on 30th November, 2018

Particulars		₹	₹
Bank Overdraft as per Bank Statement			3,200
Add:	(i) Debit side of the Cash Book was undercast	400	
	(ii) Cheque issued but debited by the Bank to another customer's account by mistake	1,600	
	(vi) Dividend directly collected by the Bank but not entered in the Cash Book	100	
	(vii) Cheque issued but yet to be presented for payment	<u>1,300</u>	<u>3,400</u>
			6,600

Less:	(iii)	Cheque issued for ₹ 172 posted in the Cash Book as ₹ 127	45	
	(iv)	Cheque dishonoured but not recorded in the Cash Book	425	
	(v)	Wrong debit by the Bank to Hari's Ac	150	
	(vii)	Cheque deposited but yet to be credited	1,200	
	(ix)	Interest debited by the Bank and yet to be entered in the Cash Book	<u>300</u>	<u>2,120</u>
Bank overdraft as per the Cash Book (Cr.)				<u>4,480</u>

3. On 31-3-2020, Mahesh's Cash Book Showed a Bank overdraft of Rs 98,700. On comparison he finds the following :

(1) Out of the total cheques of Rs 8,900 issued on 27th March, one cheque of Rs 7,400 was presented for payment on 4th April and the other cheque of Rs 1,500 handed over to the customer, was returned by him and in lieu of that a new cheque of the same amount was issued to him on 1 st April. No entry for the return was made.

(2) Out of total cash and cheques of Rs 6,800 deposited in the Bank on 24th March, one cheque of Rs 2,600 was cleared on 3rd April and the other cheque of Rs 500 was returned dishonoured by the bank on 4th April.

(3) Bank charges Rs 35 and Bank interest Rs 2,860 charged by the bank appearing in the passbook are not yet recorded in the cash book.

(4) A cheque deposited in his another account of Rs 1,550 wrongly credited to this account by the bank.

(5) A cheque of Rs 800, drawn on this account, was wrongly debited in another account by the bank.

(6) A debit of Rs 3,500 appearing in the bank statement for an unpaid cheque returned for being 'out of date' had been re-dated and deposited in the bank account again on 5th April 2020.

(7) The bank allowed interest on deposit Rs 1,000

(8) A customer who received a cash discount of 4% on his account of Rs 1,00,000 paid a cheque on 20th March, 2020. The cashier erroneously entered the gross amount in the bank column of the Cash Book. Prepare Bank Reconciliation Statement as on 31-3-2020

Solution:-

Adjusted Cash Book as on 31-03-2020

<i>Particulars</i>	₹	<i>Particulars</i>	₹
To Interest on deposit	1,000	By balance b/d	98,700
To Customer a/c - Cheque returned	1,500	By bank charges & interest (35 + 2,860)	2,895
To Balance c/d	1,03,595	By customer a/c - cheque dishonoured	500
		By Discount allowed (1,00,000 - 96,000)	4,000
	1,06,095		1,06,095

Bank Reconciliation Statement as on 31st March, 2020

<i>Particulars</i>	₹	₹
Overdraft as per Adjusted Cash book		1,03,595
<u>Add:</u>		
Cheque deposited but not credited in the bank	2,600	
Cheque returned 'out of date' by the bank	3,500	<u>6,100</u>
		1,09,695
<u>Less:</u>		
Cheques issued but not presented in the bank		
Cheque deposited in another account wrongly credited to this account by the bank	(7,400)	
Cheque drawn in this a/c wrongly debited to another A/c	(1,550)	(9,750)
	<u>(800)</u>	
Overdraft balance as per Bank Statement		<u>99,945</u>

4. From the following information (as on 31.3.2020), prepare a bank reconciliation statement after making necessary adjustments in the cash book:

Particulars	
Bank balances as per the cash book (Dr.)	32,50,000
Cheques deposited, but not yet credited	44,75,000
Cheques issued but not yet presented for payment	35,62,000
Bank charges debited by bank but not recorded in the cash-book	12,500
Dividend directly collected by the bank	1,25,000
Insurance premium paid by bank as per standing instruction not intimated	15,900
Cash sales wrongly recorded in the Bank column of the cash-book	2,55,000
Customer's cheque dishonoured by bank not recorded in the cash-book	1,30,000
Wrong credit given by the bank	1,50,000

Also show the bank balance that will appear in the trial balance as on 31.3.2020.

Solution:-

Cash Book as on 31.3.2020
(After making necessary adjustments)

Dr.			Cr.
Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	32,50,000	By Bank charges	12,500
To Dividend	1,25,000	By Insurance premium	15,900
		By Trade receivables (cheque dishonoured)	1,30,000
		By Cash A/c (wrongly recorded cash sales)	2,55,000
		By Balance c/d	29,61,600
	33,75,000		33,75,000

Bank Reconciliation Statement as on 31.3.2020

Particulars	Details	Amount ₹
Bank balance as per the cash book		29,61,600
<i>Add:</i> Cheques issued but not yet presented for payment	35,62,000	
		66,73,600
Wrong credit given by bank	1,50,000	37,12,000
<i>Less:</i> Cheques deposited but not yet credited by bank		(44,75,000)
Balance as per the pass book		21,98,600

The bank balance of Rs 29,61,600 will appear in the trial balance as on 31st March, 2020.

Note: Cash sales should have been recorded by passing the following entry:

Cash A/c	Dr	2,55,000	
To Sales A/c			2,55,000

But it has been wrongly debited to Bank A/c, so following rectification entry has been passed:

Cash A/c	Dr.	2,55,000	
To Bank A/c			2,55,000

5. Prepare a bank reconciliation statement from the following particulars as on 31st March, 2018.

Particulars	(₹)
Debit balance as per bank column of the cash book	18,60,000
Cheque issued to creditors but not yet presented to the Bank for payment	3,60,000
Dividend received by the bank but not entered in the Cash book	2,50,000
Interest credited by the Bank	6,250
Cheques deposited into bank for collection but not collected by bank up to this date	7,70,000
Bank charges not entered in Cash book	1,000
A cheque deposited into bank was dishonoured, but no intimation received	1,60,000
Bank paid house tax on our behalf, but no intimation received from bank in this connection	1,75,000

Solution:-

Bank Reconciliation Statement as on 31st March, 2018

Particulars	Details ₹	Amount ₹
Debit balance as per Cash Book		18,60,000
Add: Cheque issued but not yet presented to bank for payment	3,60,000	
Dividend received by bank not entered in cash book	2,50,000	
Interest credited by bank	<u>6,250</u>	<u>6,16,250</u>
		24,76,250
Less: Cheques deposited into bank but not yet collected	7,70,000	
Bank charges debited by Bank	1,000	
Cheque deposited into bank was dishonoured	1,60,000	
House tax paid by bank	<u>1,75,000</u>	<u>(11,06,000)</u>
Credit balance as per Pass Book		<u>13,70,250</u>

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