

Notes:

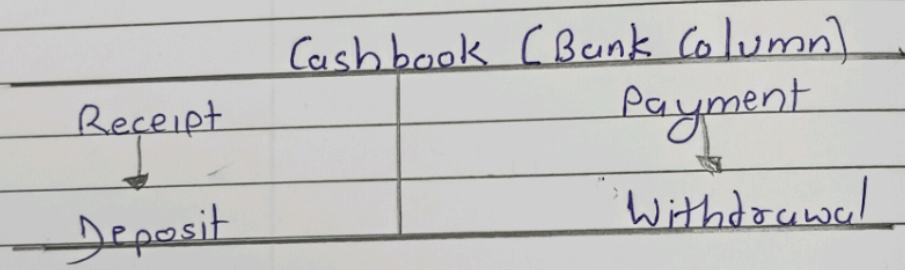
⇒ In today is world, most of Business transaction are carried through Bank.

⇒ For Customer → Bank = Receivable (Asset)

For Bank → Customer = Payable (Liability)

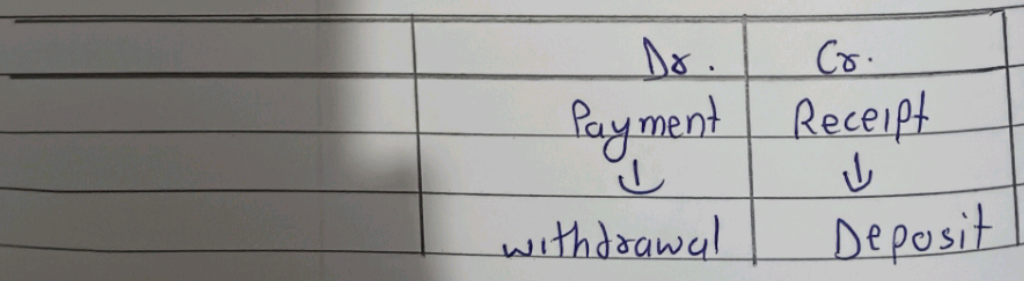
* What is Bank column of cashbook?

It is bank Account prepared by the Customer which shows transaction with bank



* What is Passbook?

It is Copy of customers Account prepared by the bank

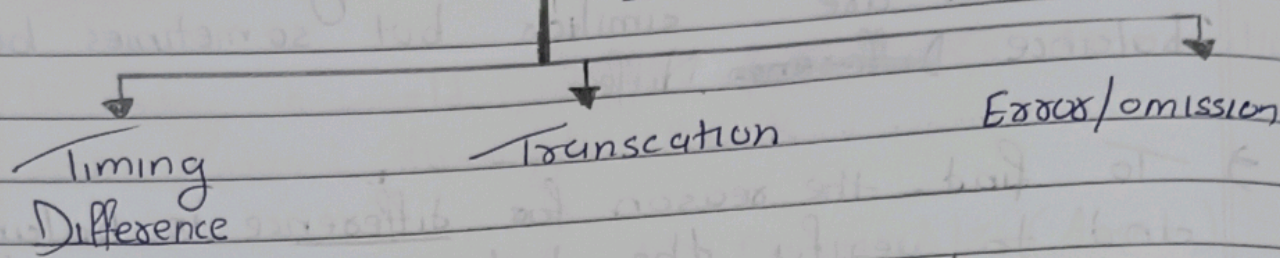


- ⇒ Normally, the balance shown by Passbook and cashbook are similar but sometimes both balance ~~differs~~ Differ.
- ⇒ To find the reason for difference in balance and to verify the balance, a statement is prepared known as Bank Reconciliation Statement.
- ⇒ BRS is not part of books of account.
- ⇒ BRS can be prepared anytime during the financial year.
- ⇒ BRS does not Rectify both the balance but only verifies it.

* Importance of BRS

- ⇒ To detect any errors committed in cashbook or Passbook.
- ⇒ To find true position of Bank Balance by passing entry of uncleared fund.
- ⇒ It ~~discourage~~ ^{discourage} the cashier from embezzlement of cash from the business.
- ⇒ It confirms the accounting of all banking transaction occurred during the financial year.

Reasons for Difference



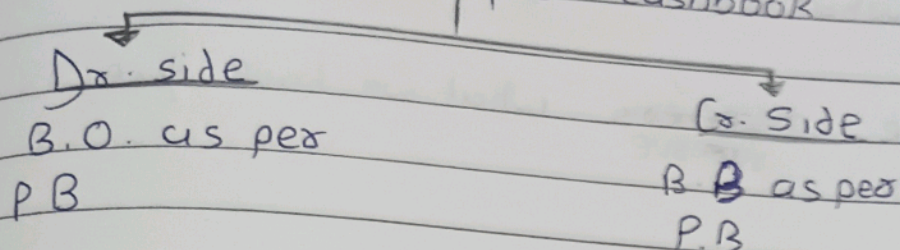
<p>Recording of similar transaction in both book at two different time</p> <p>↓</p> <p>Eg:</p> <p>① Cheque Deposited but not credited</p> <p>② Cheque Issued but not presented</p>	<p>Transaction Recorded by bank without intimation to customer.</p> <p>Eg:</p> <p>① Interest credited by bank</p> <p>② Bank charges debited by bank</p>	<p>Mistake in Recording the transaction or transaction not Recorded at all</p> <p>Eg:</p> <p>① Debit entry recorded as credit</p> <p>② Recorded in wrong Bank Account</p>
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Types of Balance

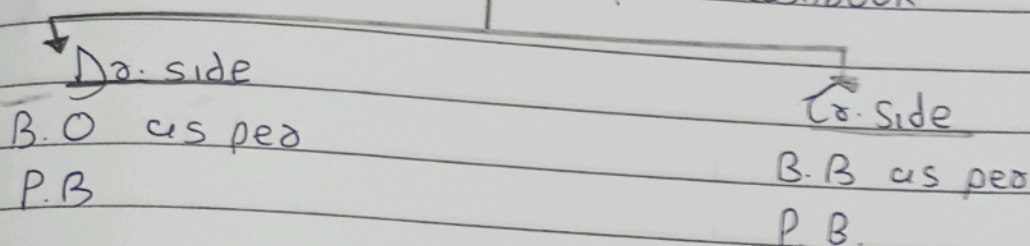
- Dr balance as per cashbook - Bank balance \Rightarrow Favourable
- Cr. balance as per cashbook - Bank overdraft $\left. \begin{array}{l} \\ \end{array} \right\}$ unfavourable
- Dr. balance as per Passbook - Bank overdraft $\left. \begin{array}{l} \\ \end{array} \right\}$ unfavourable
- Cr. balance as per passbook - Bank balance \Rightarrow favourable

Identification of closing Balance

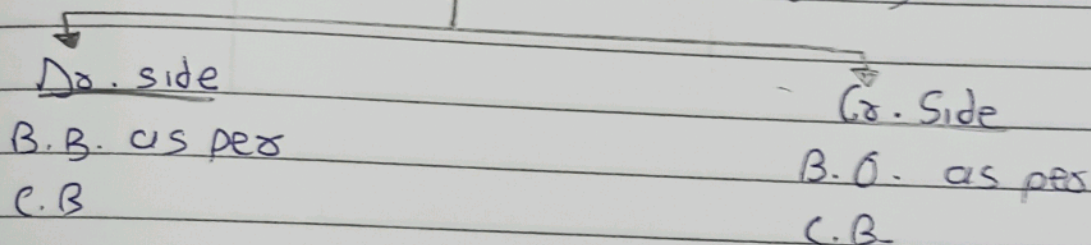
① Dr. balance as per cashbook



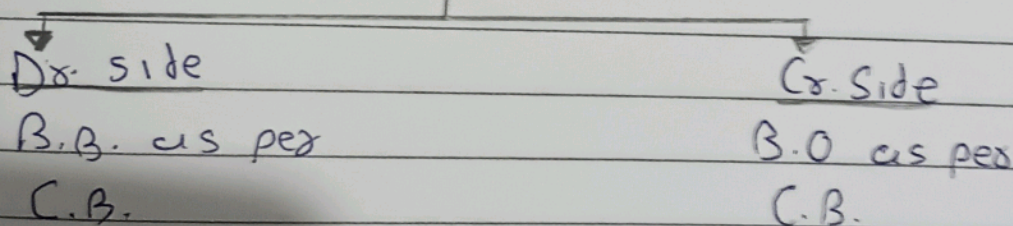
② Cr. balance as per Cashbook



③ Dr. balance as per Passbook (B.O)



④ Cr. Balance as per Passbook (B.B)



Rules to solve question.

Rule: 1) Do what others have done.

Rule: 2) Do the ~~reverses~~ ^{reverse} what we have done.