

# Bank Reconciliation Statement

## Method 1: Preparation of BRS only (i.e. without adjusting Cash Book)

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 <b>(Item 1)</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
2. Cheques deposited into Bank but not yet credited / cleared <b>(Item 2)</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
3. Interest allowed by Bank <b>(Item 3)</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
4. Interest & Dividends collected by Bank <b>(Item 4)</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
5. Direct Payments into Bank by a Customer <b>(Item 5)</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
6. Bills Receivable collected by Bank on behalf of the Customer <b>(Item 6)</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
7. Interest & Expenses charged by Bank <b>(Item 7)</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
8. Direct Payments by Bank <b>(Item 8)</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
9. Dishonour of a Bill Discounted with the Bank <b>(Item 9)</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
10. Wrong Entries <b>(Item 10)</b>				
(a) Wrong Debit in Cash Book or in Pass Book, undercasting of Cr. Side of Cash Book, overcasting of Dr. Side of Cash Book, etc.	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
(b) Wrong Credit in Cash Book or Pass Book, overcasting of Cr. Side of Cash Book, undercasting of Dr. Side of Cash Book	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
Balance as per End Point	Pass Book Balance		Cash Book Balance	
Positive (+) End Point balance indicates	<b>Favourable</b> i.e. Cr. Bal. as per Pass Book	<b>Overdraft</b> i.e. Dr. Bal. as per Pass Book	<b>Overdraft</b> i.e. Cr. Bal. as per Cash Book	<b>Favourable</b> i.e. Dr. Bal. as per Cash Book
Negative(-) End Point balance indicates	<b>Overdraft</b> i.e. Dr. Bal. as per Pass Book	<b>Favourable</b> i.e. Cr. Bal. as per Pass Book	<b>Favourable</b> i.e. Dr. Bal. as per Cash Book	<b>Overdraft</b> i.e. Cr. Bal. as per Cash Book

## Method 2: Preparation of Adjusted Cash Book and BRS

**Step 1:** Prepare **Adjusted Cash Book** with the following Debits and Credits –

Receipts	₹	Payments	₹
To balance b/d (in case of Favourable Balance as per Cash Book)		By balance b/d (in case of Overdraft balance as per Cash Book)	
To Interest allowed by Bank	<b>Item 3</b>	By Interest & Expenses charged by Bank	<b>Item 7</b>
To Interest & Dividends collected by Bank	<b>Item 4</b>	By Direct Payments by Bank as per SI	<b>Item 8</b>
To Direct Payments into Bank by Firm's Customers (being Firm's receipts)	<b>Item 5</b>	By Dishonour of a Bill Discounted with the Bank	<b>Item 9</b>

Fast Track Referencer

Receipts	₹	Payments	₹
To Bill Receivable collected by Bank on behalf of Firm	<b>Item 6</b>		
To Rectification of Error in Cash Book, e.g. double credit posting, credit overcast, debit undercast, debit entry omission, etc.	<b>Item 10</b>	By Rectification of Error in Cash Book, e.g. double debit posting, debit overcast, credit undercast, credit entry omission, etc.	<b>Item 10</b>
To balance c/d (in case of Overdraft balance as per Cash Book)		By balance c/d (in case of Favourable balance as per Cash Book)	
<b>Total</b>		<b>Total</b>	

**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.

**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 ( <b>Item 1</b> )	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
2. Cheques deposited into Bank but not yet credited / cleared ( <b>Item 2</b> )	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
3. Wrong Cr. in Pass Book ( <b>Item 10</b> )	<b>Add</b>	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>
4. Wrong Dr. in Pass Book ( <b>Item 10</b> )	<b>Subtract</b>	<b>Add</b>	<b>Subtract</b>	<b>Add</b>
Balance as per End Point	Pass Book Balance		Cash Book Balance	
Positive (+) End Point balance indicates	<b>Favourable</b> i.e. Cr. Bal. as per Pass Book	<b>Overdraft</b> i.e. Dr. Bal. as per Pass Book	<b>Overdraft</b> i.e. Cr. Bal. as per Cash Book	<b>Favourable</b> i.e. Dr. Bal. as per Cash Book
Negative(-) End Point balance indicates	<b>Overdraft</b> i.e. Dr. Bal. as per Pass Book	<b>Favourable</b> i.e. Cr. Bal. as per Pass Book	<b>Favourable</b> i.e. Dr. Bal. as per Cash Book	<b>Overdraft</b> i.e. Cr. Bal. as per Cash Book