



CHAPTER-3

BANK RECONCILIATION STATEMENT

Q-1 On 30th September, 2020, the bank account of Sameer, according to the bank column of the Cash-Book, was overdrawn to the extent of Rs. 16,248. On the same date the bank statement showed a credit balance of Rs. 83,032 in favour of Sameer. An examination of the Cash Book and Bank Statement reveals the following:

1. A cheque for Rs. 52,56,000 deposited on 29th September, 2020 was credited by the bank only on 3rd October, 2020
2. A payment by cheque for Rs. 64,000 has been entered twice in the Cash Book.
3. On 29th September, 2020, the bank credited an amount of Rs. 4,69,600 received from a customer of Sameer, but the advice was not received by Sameer until 1st October, 2020.
4. Bank charges amounting to Rs. 2,320 had not been entered in the Cash Book.
5. On 6th September, 2020, the bank credited Rs. 80,000 to Sameer in error.
6. A bill of exchange for Rs. 5,60,000 was discounted by Sameer with his bank. This bill was dishonoured on 28th September, 2020 but no entry had been made in the books of Sameer.
7. Cheques issued upto 30th September, 2020 but not presented for payment upto that date totalled Rs. 53,04,000.

You are required :

- (a) to show the appropriate rectifications required in the Cash Book of Sameer, to arrive at the correct balance on 30th September, 2020 and
- (b) to prepare a bank reconciliation statement as on that date.

[MTP April '21, 10 Marks]

Ans.

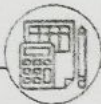
(i) Cash Book (Bank Column)

Date	Particulars	Amount	Date	Particulars	Amount
2020		Rs.	2020		Rs.
Sept.30			Sept.30		
✓ To Party A/c	64,000		By Balance b/d	16,248	
✓ To Customer A/c (Direct deposit)	4,69,600		✓ By Bank charges	2,320	
To Balance c/d	44,968		By Customer A/c (B/R dishonoured)	5,60,000	
	5,78,568				
					5,78,568

(ii)

Bank Reconciliation Statement as on 30th September, 2020

Particulars	Amount
	Rs.
Overdraft as per Cash Book	44,968
✓ Add: Cheque deposited but not collected upto 30th Sept., 2020	52,56,000
	53,00,968



Less: Cheques issued but not presented for payment upto 30th Sept., 2020	(53,04,000)
Credit by Bank erroneously on 6th Sept.	(80,000)
Credit balance as per bank statement	83,032

Note: Bank has credited Sameer by 80,000 in error on 6th September, 2020. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with Rs. 53,04,000 resulting in credit balance of Rs. 3,032 as per pass-book.

Q-2 Importance of bank reconciliation to an industrial unit. [MTP April '21, 5 Marks]

Ans. Banks are essential to modern society, but for an industrial unit, it serves as a necessary instrument in the commercial world. Most of the transactions of the business are done through bank whether it is a receipt or payment. Rather, it is legally necessary to operate the transactions through bank after a certain limit. All the transactions, which have been operated through bank, if not verified properly, the industrial unit may not be sure about its liquidity position in the bank on a particular date. There may be some cheques which have been issued, but not presented for payment, as well as there may be some deposits which has been deposited in the bank, but not collected or credited so far. Some expenses might have been debited or bills might have been dishonoured. It is not known to the industrial unit in time, it may lead to wrong conclusions. The errors committed by bank may not be known without preparing bank reconciliation statement. Preparation of bank reconciliation statement prevents the chances of embezzlement. Hence, bank reconciliation statement is very important and is a necessity of an industrial unit as it plays a key role in the liquidity control of the industry.

Q-3 Prepare a Bank Reconciliation Statement from the following particulars as on 31st December 2020 :

Particulars	₹
Bank Balance as per Cash Book (Debit)	
Bank Charges debited by the bank not recorded in Cash Book	1,98,000
Received from debtors vide RTGS on 31st December, 2020 not recorded in Cash Book	34,000
Cheque issued but not presented for payment	1,00,000
Cheque deposited but not cleared	45,000
Cheque received and deposited but dishonoured. Entry for dishonour not made in the Cash Book	25,000
Instruction for payment given to the bank on 31st December, 2020 but the same effected by the Bank on 01st January, 2021	5,000
	4,000

[Sugg. Jan '21, 4 Marks]



Adjusted Cash Book as on 31st December, 2020

Particulars	₹	Particulars	₹
To Balance b/d	1,98,000	By Bank charges	34,000
To Debtors	1,00,000	By Debtor (cheque dishonour)	5,000
		By Balance c/d	2,59,000
	2,98,000		2,98,000

Bank Reconciliation Statement as on 31st December, 2020

Particulars	₹	₹
Balance as per adjusted cash book		2,59,000
ADD: Cheque issued but not presented	45,000	
Payment not effected by bank	4,000	
		49,000
		3,08,000
LESS: Cheque deposited but not cleared	25,000	
Balance as per Bank pass book		2,83,000

Q-4 On 30th September, 2018, the bank account of XYZ, according to the bank column of the cash book, was overdrawn to the extent of ₹ 8,062. An examination of the Cash book and Bank Statement reveals the following:

- A cheque for ₹ 11,14,000 deposited on 29th September, 2018 was credited by the bank only on 3rd October, 2018.
- A payment by cheque for ₹ 18,000 has been entered twice in the Cash book.
- On 29th September, 2018, the bank credited an amount of ₹ 1,15,400 received from a customer of XYZ, but the advice was not received by XYZ until 1st October, 2018.
- Bank charges amounting to ₹ 280 had not been entered in the cash book.
- On 6th September 2018, the bank credited ₹ 30,000 to XYZ in error.
- A bill of exchange for ₹ 1,60,000 was discounted by XYZ with his bank. The bill was dishonoured on 28th September, 2018 but no entry had been made in the books of XYZ.
- Cheques issued upto 30th September, 2018 but not presented for payment upto that date totalled ₹ 13,46,000.
- 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.

You are required:

To show the appropriate rectifications required in the cash book of XYZ, to arrive at the correct balance on 30th September, 2018 and to prepare a Bank Reconciliation Statement as on that date.

(10 Marks)



Ans.(a) Cash Book (Bank Column)

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
2018			2018		
Sept.30	To Party A/c	18,000	Sept. 30	By Balance b/d	8,062
	To Customer A/c			By Bank charges	280
	(Direct deposit)	1,15,400		By Customer A/c	
	To B/R collected	59,000		(B/R dishonoured)	1,60,000
	To Balance c/d	1,75,942		By Bills payable	2,00,000
		3,68,342			3,68,342

Bank Reconciliation Statement as on 30th September, 2018

Particulars	Amount ₹
Overdraft as per Cash Book	1,75,942
Add: Cheque deposited but not collected up to 30th Sept., 2018	<u>11,14,000</u>
	12,89,942
Less: Cheques issued but not presented for payment up to 30th Sept., 2018	(13,46,000)
Credit by Bank erroneously on 6th Sept.	(30,000)
Balance as per bank statement	<u>86,058</u>

Q-5 Prepare the Bank Reconciliation Statement of M/s. R.K. Brothers on 30th June 2018 from the particulars given below :

- The Bank Pass Book had a debit balance of ₹ 25,000 on 30th June, 2018.
- A cheque worth ₹ 400 directly deposited into Bank by customer but no entry was made in the Cash Book.
- Out of cheques issued worth ₹ 34,000, cheques amounting to ₹ 20,000 only were presented for payment till 30th June, 2018.
- A cheque for ₹ 4,000 received and entered in the Cash Book but it was not sent to the Bank.
- Cheques worth ₹ 20,000 had been sent to Bank for collection but the collection was reported by the Bank as under,
 - Cheques collected before 30th June, 2018, ₹ 14,000
 - Cheques collected on 10th July, 2018, ₹ 4,000
 - Cheques collected on 12th July, 2018, ₹ 2,000.
- The Bank made a direct payment of ₹ 600 which was not recorded in the Cash Book.
- Interest on Overdraft charged by the bank ₹ 1,600 was not recorded in the Cash Book.
- Bank charges worth ₹ 80 have been entered twice in the cash book whereas Insurance charges for ₹ 70 directly paid by Bank was not at all entered in the Cash Book.
- The credit side of bank column of Cash Book was under cast by ₹ 2,000.

Ans.

Bank Reconciliation Statement as on 30th June 2018

	Particulars	Amount	Amount
	Overdraft as per Pass Book (Dr. Balance)		25,000
Add:	Cheques issued but not presented ₹ (34,000-20,000)	14,000	
	Cheques deposited into the Bank by Customer but not entered in Cash Book	400	
	Bank charges written twice in Cash Book	80	14,480
			39,480
Less:	Cheques received, recorded in cash Book but not sent to the Bank	4,000	
	Cheques sent to the Bank but not collected	6,000	
	Direct payment made by the bank not recorded in the Cash book	600	
	Interest on Overdraft charged by Bank	1,600	
	Insurance charges not entered in Cash Book	70	
	Credit side of bank column of Cash Book was undercast	2,000	14,270
	Overdraft as per Cash Book		25,210

Q-6 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 allowed 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

[Sugg. Nov '18, 10 Marks, RTP-May '20]

Ans. 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	6,250	6,16,250
		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	1,75,000	(11,06,000)
Credit balance as per Pass Book		13,70,250

The Bank Pass Book of Account No.5678 of Mrs. Rani showed an overdraft of ₹ 33,575 on 31st March 2018. On going through the Pass Book, the accountant found the following:

- A Cheque of ₹ 1,080 credited in the pass book on 28th March 2018 being dishonoured is debited again in the pass book on 1st April 2018. There was no entry in the cash book about the dishonour of the cheque until 15th April 2018.
- 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.
- Out of ₹ 20,500 paid in by Mrs. Rani in cash and by cheques on 31st March 2018 cheques amounting to ₹ 7,500 were collected on 7th April, 2018.
- Out of Cheques amounting to ₹ 7,800 drawn by her on 27th March, 2018 a cheque for ₹ 2,500 was encashed on 3rd April, 2018.
- Bankers seems to have given her 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.
- A cheque for ₹ 1,000 entered in Cash Book but omitted to be banked on 31st March, 2018.
- A Bill Receivable for ₹ 5,200 previously dishonoured (Discount ₹ 200) with the Bank had been dishonoured but advice was received on 1st April, 2018.
- 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.
- 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, 2018.

Prepare Bank Reconciliation Statement as on 31st March, 2018.

Ans.

[Sugg.-May'18, 10 Marks]

Bank Reconciliation Statement
as on 31st March, 2018

	Particulars	₹
(i)	Bank balance (Debit i.e. overdraft) as per Bank Pass book on 31.3.18	33,575
(ii)	No adjustment required as there would be no difference	
(iii)	Add: No entry in Cash book for interest collection by Bank	2,800
(iv)	Less: Amount debited in cash book for pending cheques in collection but not credited in Pass Book	(7,500)
(v)	Add: Cheque credited in cash book but not debited in pass book	2,500
	Add: Reversal of wrong Credit	500
	Less: Reversal of wrong debit	(300)



(ii) Bank Reconciliation Statement as on 30th September, 2019

Particulars	Amount ₹
Overdraft as per Cash Book	22,484
Add: Cheque deposited but not collected upto 30th Sept., 2019	26,28,000
	26,50,484
Less: Cheques issued but not presented for payment upto 30th Sept., 2019	(26,52,000)
Credit by Bank erroneously on 6th Sept.	(40,000)
Overdraft as per bank statement	41,516

Note: Bank has credited Neel by 40,000 in error on 6th September, 2019. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with ₹ 26,52,000 resulting in debit balance of ₹ 1,516 as per pass-book.

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

- The debit side of the Cash Book was undercast by ₹ 400.
- A cheque for ₹ 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.
- A cheque for ₹ 172 drawn for payment of telephone bill was recorded in the Cash Book as ₹ 127 but was shown correctly in the Bank Statement.
- A cheque for ₹ 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.
- The Bank had debited a cheque for ₹ 150 to Mr. Hari's Account by mistake, it should have been debited by them to Mr. Kar's Account.
- A dividend of ₹ 100 was collected by the bank but not entered in the Cash Book.
- Cheques totalling ₹ 1,300 drawn on November was not presented for payment.
- Cheque for ₹ 1,200 deposited on 30th November was not credited by the Bank.
- Interest amounting to ₹ 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.

Ans. Bank Reconciliation Statement as on 30th November, 2018 [RTP-May'19]

Particulars	₹	₹
Bank Overdraft as per Bank Statement		
Add:		
(i) Debit side of the Cash Book was undercast		3,200
(ii) Cheque issued but debited by the Bank to another customer's account by mistake	400	
(vi) Dividend directly collected by the Bank but not entered in the Cash Book	1,600	
	100	



	(vii) Cheque issued but yet to be presented for payment	1,300	3,400
			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 A/c	150	
	(viii) Cheque deposited but yet to be credited	1,200	
	(ix) Interest debited by the Bank and yet to be entered in the Cash Book	300	2,120
	Bank overdraft as per the Cash Book (Cr.)		4,480

Q-10 Prepare a Bank Reconciliation Statement of Shri Hari as on 31st March, 2018:

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

[RTP-Nov'18]

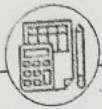
Ans.

Bank Reconciliation Statement as at 31.03.2018

		₹
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	350	3,850
		13,850
Less: Excess credit for cash deposit	9	
Undercasting of withdrawal column	100	
Wrong credit	1,000	1,109
Balance as per Cash Book		12,741

Q-11 The Cash-book of M/s ABC shows ₹ 27,570 as the balance at Bank as on 31st March, 2017. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found:

- Subsidy ₹ 10,250 received from the government directly by the bank, but not advised to the company.
- On 15th March, 2017 the payments side of the Cash-book was under cast by ₹ 350.
- On 20th March, 2017 the debit balance of ₹ 2,156 as on the previous day, was brought forward as credit balance in Cash-book.



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- (iv) 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 March, 2017. The cashier erroneously entered the gross amount in the Cash-Book.
- (v) On 10th March, 2017 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.
- (vi) A cheque issued amounting to ₹ 1,725 returned marked 'out of date'. No entry made in Cash-book.
- (vii) Insurance premium ₹ 756 paid directly by bank under a standing order. No entry made in cash-book.
- (viii) A bill receivable for ₹ 1,530 discounted for ₹ 1,500 with the bank had been dishonoured on 30th March, 2017, but advice was received on 1st April, 2017.
- (ix) Bank recorded a Cash deposit of ₹ 1,550 as ₹ 1,505.

[RTP-May'18]

Prepare Bank Reconciliation Statement on 31st March, 2017.

Ans. **Bank Reconciliation Statement on 31st March, 2017**

		₹
Bank Balance as per Cash Book		27,570
Add:		
(i) Subsidy from government received directly by the bank not recorded in the Cash Book	10,250	
(iii) Debit balance of ₹2,156 brought forward as credit balance on 20th March, 2017 in the Cash Book	4,312	
(vi) Cheque issued returned marked 'out of date'	1,725	16,287
		43,857
Less:		
(ii) Cash Book under cast on 15th March, 2017	350	
(iv) Discount allowed to a customer, however entry made at gross amount in the Cash Book	100	
(v) Commission charged by bank on discounting of bill, not considered in Cash Book	200	
(vii) Insurance Premium paid directly by bank understanding instructions	756	
(viii) Discounted B/R dishonoured; not entered in Cash Book		
(ix) Bank recorded short cash deposit	1,530	
Balance as per Bank Statement	45	2,981
		40,876

- Q-12** On 31-3-2020, Mahesh's Cash Book Showed a Bank overdraft of ₹98,700. On comparison he finds the following :
- (1) Out of the total cheques of ₹ 8,900 issued on 27th March, one cheque of ₹ 7,400 was presented for payment on 4th April and the other cheque of ₹ 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 1st April. No entry for the return was made.

- (2) Out of total cash and cheques of ₹ 6,800 deposited in the Bank on 24th March, one cheque of ₹ 2,600 was cleared on 3rd April and the other cheque of ₹ 500 was returned dishonoured by the bank on 4th April.
- (3) Bank charges ₹ 35 and Bank interest ₹ 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 ₹ 1,550 wrongly credited to this account by the bank.
- (5) A cheque of ₹ 800, drawn on this account, was wrongly debited in another account by the bank.
- (6) A debit of ₹ 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 ₹ 1,000.
- (8) A customer who received a cash discount of 4% on his account of ₹ 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. [Sugg.-Nov'20, 10 Marks]

Ans.(a) (i) Adjusted Cash Book as on 31-03-2020

Particulars	₹	Particulars	₹
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

Q-13 On 30th Sept. 2018 my Cash Book (Bank Column of Account No. 1) shows a Bank Overdraft of Rs. 49,350. On going through the Bank Pass book for reconciling the Balance, I found the following:

- (a) Out of cheques drawn on 26th Sept, those for Rs. 3,700 were cashed by the bankers on 2nd October.
- (b) A crossed cheque for Rs. 750 given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1st Oct.
- (c) Cash and cheques amounting to Rs. 3,400 were deposited in the Bank on 29th Sept., but cheques worth Rs. 1,300 were cleared by the Bank on 1st Oct., and one cheque for Rs. 250 was returned by them as dishonoured on the latter date.
- (d) According to my standing instructions, the bankers have on 30th Sept, paid Rs. 320 as interest to my creditors, paid quarterly premium on my policy amounting to Rs.



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160 and have paid a second call of Rs. 600 on shares held by me and lodged with the bankers for safe custody. They have also received Rs. 150 as dividend on my shares and recovered an Insurance Claim of Rs. 800, as their charges and commission on the above being Rs. 15. On receipt of information of the above transaction, I have passed necessary entries in my Cash Book on 1st Oct.

- (e) My bankers seem to have given me a wrong credit for Rs. 500 paid in by me in No. 2 account and wrong debit in respect of a cheque for Rs. 300 drawn against my No. 2 account.

Prepare a Bank Reconciliation Statement as on 30th September, 2018

[MTP-April'19, 10 Marks]

Ans.

Balance as per Cash Book	(49,350)			
Add : Cheques issued but not presented for payment			3,700	
Crossed Cheque issued to Abdul not presented for payment				
Amounts collected by Bank on our behalf but not entered in the Cash Book				
Dividend		150		
Insurance claim		800		
		950		
(-) Bank Commission		15	935	
Amount paid in A/c No. 2 credited by the Bank wrongly to this A/c			500	5885
				(43,465)
Less : Cheques deposited in the bank but no cleared (Rs. 1,300 + Rs. 250)			1550	
Payments made by Bank on our behalf but not entered in the Cash Book				
Interest				
Premium		320		
Second call		160		
Cheques issued against A/c No. 2 but wrongly debited by the Bank to this A/c		600	1,080	
Overdraft as per Pass Book			300	(2,930)
				46,395

Q-14 On 30th June, 2021, 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:

- Out of cheques drawn on 26th June, those for ₹ 14,800 were cashed by the bankers on 2nd July.
- 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.
- 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, 2021.

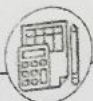
(MTP March 22) (10 + 10 = 20 Marks)

Ans.	Balance as per Cash Book			(1,97,400)
	Add : Cheques issued but not presented for payment		14,800	
	Crossed Cheque issued to Abdul not presented for payment		3,000	
	Amounts collected by Bank on our behalf but not entered in the Cash Book			
	Dividend	600		
	Insurance claim	3,200		
	(-) Bank Commission	400	3,400	
	Amount paid in A/c No. 2 credited by the Bank wrongly to this A/c		2,000	23,200
				(1,74,200)
	Less : Cheques deposited in the bank but not cleared (₹ 5,200 + ₹ 1,000)		6,200	
	Payments made by Bank on our behalf but not entered in the Cash Book			
	Interest	1,280		
	Premium	640		
	Second call	2,400	4,320	
	Cheques issued against A/c No. 2 but wrongly debited by the Bank to this A/c		1,200	(11,720)
	Overdraft as per Pass Book			1,85,920

Q-15 From the following particulars, prepare a Bank Reconciliation Statement for Ayodhya Ltd. as on 31.3.2021

- (1) Balance as per cash book is Rs. 3,60,000.
- (2) Cheques issued but not presented in the bank amounts to Rs. 2,04,000.
- (3) Bank charges amounts to Rs. 900.
- (4) Interest credited by bank amounts to Rs. 4,500.

(MTP-Nov'21) (4 Marks)



Ans.

Ayodhya Ltd.

Bank Reconciliation Statement as on 31.3.2021

Particulars	Amount ₹
Balance as per cash book	3,60,000
Add : Cheque issued but not presented	2,04,000
Interest credited	4,500
	5,68,500
	(900)
Less : Bank charges	5,67,600
Balance as per pass book	

Q-16 According to the cash-book of G there was balance of ₹ 4,45,000 in his bank on 30th June 2021 On investigation you find that :

- Cheques amounting to 60,000 issued to creditors have not been presented for payment till the date
- Cheques paid into bank amounting to 1,10,500 out of which cheques amounting to 55,000 only collected by bank up to 30th June 2021
- A dividend of ₹ 4,000 and rent amounting to 60,000 received by the bank and entered in the pass-book but not recorded in the cash book.
- Insurance premium (up to 31st December, 2020) paid by the bank ₹ 2,700 not entered in the cash book.
- The payment side of the cash book had been under cast by ₹ 500
- Bank charges ₹ 150 shown in the pass book had not been entered in the cash book.
- A bill payable of ₹ 20,000 had been paid by the bank but was not entered in the cash book and bill receivable for ₹ 6,000 had been discounted with the bank at a cost of ₹ 100 which had also not been recorded in cash book.

You are required:

- To make the appropriate adjustments in the cash book, and
- To prepare a statement reconciling it with the bank pass book. (Sugg. Dec.21,10 Marks)

Ans.

In the Books of G

Cash Book (Bank Column)

Receipts	₹	Payments	₹
To Balance b/d	4,45,000	By Insurance premium A/c	2,700
To Dividend A/c	4,000	By Correction of errors	500
To Rent A/c	60,000	By Bank charges	150
To Bill receivable A/c	5,900	By Bill payable	20,000
		By Balance c/d	4,91,550
	5,14,900		5,14,900

Bank Reconciliation Statement as on 30th June, 2021

	Amount ₹
Adjusted balance as per cash book	4,91,550
Add: Cheques issued but not presented for payment till 30th June, 2021	60,000

Less: Cheques paid into bank for collection but not collected till 30th	(55,500)
June, 2021	4,96,050
Balance as per pass book	

Q-17 From the following information, ascertain the Cash Book balance of Mr. Bajaj as on 31st March, 2021:

(i) Debit balance as per Bank Pass Book ₹ 3,500.

[Sugg.-July'21](5 Marks)

(ii) A cheque amounting to ₹ 2,500 deposited on 15th March, but the same was returned by the Bank on 24th March for which no entry was passed in the Cash Book.

(iii) During March, two bills amounting to ₹ 2,500 and ₹ 500 were collected by the Bank but no entry was made in the Cash Book.

(iv) A bill for ₹ 5,000 due from Mr. Balaji previously discounted for ₹ 4,800 was dishonoured. The Bank debited the account, but no entry was passed in the Cash Book.

(v) A Cheque for ₹ 1,500 was debited twice in the cash book.

Ans. Bank Reconciliation Statement as on 31st March, 2021

Particulars	Amount ₹
Balance as per Pass Book (Dr.)	(3,500)
Add: Cheques deposited but returned on 24th March, 2021 Discounted bill	2,500
from Mr. Balaji dishonoured Wrong debit in passbook	5,000
	1,500
	5,500
Less: Bill discounted by bank (2,500+500)	(3000)
Balance as per Cash book (Dr. / Favourable)	2,500

Q-18 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.

(RTP-May-'21)



Cash Book as on 31.3.2020

(After making necessary adjustments)

Ans. (i)

Dr.	Particulars	Amount ₹	Cr.	Amount ₹
To	Balance b/d	32,50,000		12,500
To	Dividend	1,25,000		15,900
				1,30,000
				2,55,000
				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
Add: Cheques issued but not yet presented for- payment	35,62,000	
Wrong credit given by bank	1,50,000	37,12,000
		66,73,600
Less: Cheques deposited but not yet credited by bank		(44,75,000)
Balance as per the pass book		21,98,600

The bank balance of ₹ 29,61,600 will appear in the trial balance as on 31st March, 2021

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

Q-19 On 31st March, 2021 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:
Cheques issued to 'X' for ₹ 60,000 and to 'Y' for ₹ 3,84,000 were not yet presented for payment.
Bank charged ₹ 350 for bank charges and 'Z' directly deposited ₹ 1,816 into the bank account which were not entered in the cash book.

Two cheques—one from 'A' for ₹ 5,15,000 and another from 'B' for ₹ 12,500 were collected the first week of April, 2021 although they were banked on 25.03.2021.
Interest allowed by bank ₹ 4,500.

Prepare a bank reconciliation statement as on 31st March, 2021.

(RTP-Nov-21)

Ans. Bank Reconciliation Statement as on 31st March, 2021

Particulars	Details ₹	₹	Amount ₹
Credit balance as per the pass book			15,65,000
Add: Cheques deposited into bank but	A		
	5,15,000		
	B: 12,500	5,27,500	
		350	5,27,850
Bank charges debited by the bank			
Less: Cheques issued but not presented for pay- ment	X: 60,000		20,92,850
	Y: 3,84,000	4,44,000	
		1,816	
Direct deposit of cash in bank by Z		4,500	(4,50,316)
Interest allowed by the bank			16,42,534
Debit balance as per the cash book			

Q-20 From the following particulars of M/s Swapnil enterprises, prepare a Bank reconciliation statement:

- Bank overdraft as per Pass Book as on 31st March, 2021 was ₹ 8,800
- Cheques deposited in Bank for ₹ 5,800 but only ₹ 2,000 were cleared till 31st March.
- Cheques issued were ₹ 2,500, ₹ 3,800 and ₹ 2,000 during the month. The cheque of ₹ 5,800 is still with supplier.
- Dividend collected by Bank ₹ 1,250 was wrongly entered as ₹ 1,520 in Cash Book.
- Amount transferred from fixed deposit A/c into the current A/c ₹ 2,000 appeared only in Pass Book
- Interest on overdraft ₹ 930 was debited by Bank in Pass Book and the information was received only on 3rd April 2021.
- Direct deposit by M/s Rajesh Trader ₹ 400 not entered in Cash Book.
- Corporation tax ₹ 1,200 paid by Bank as per standing instruction appears in Pass Book only.

[RTP-May'22]

Ans. Bank Reconciliation Statement as on 31st March, 2021

Particulars	Amount ₹
Overdraft as per Pass Book	8,800
Add: (i) Cheques issued but not presented till 31st March	5,800
(ii) Transfer from fixed deposit	2,000
(iii) Direct deposit by M/s Rajesh Trader 400	8,200
	17,000
Less: (i) Cheques deposited but not cleared (5,800 - 2,000)	3,800
(ii) Dividend collected excess recorded in Cash Book (1,520 - 1,250)	270
(iii) Interest on overdraft debited in Pass Book only	930
(iv) Corporation tax paid appeared in Pass Book only	1200
Overdraft as per Cash Book	6,200
	10,800



CHAPTER-3 Bank Reconciliation statement

Q-21 Prepare a Bank Reconciliation statement for Satyam Traders as on 31st March, 2021. The cash book of Satyam Traders shows a debit balance of ₹ 4,12,200 at bank as on 31st March, 2021, but you find that it does not agree with the balance as per Pass Book. After checking you find the following:

- On 12th March, 2021 the payment side of the Cash Book was under cast by ₹ 12,000.
- A cheque of ₹ 85,000 issued on 20th March, 2021 was not taken in the bank column.
- On 22nd March, 2021 the debit balance of ₹ 18,500 as on the previous day, was brought forwards as credit balance.
- Out of the total cheques amounting to ₹ 42,000 issued in, the last week of March 2021, cheques aggregating ₹ 28,500 were encashed in March, 2021.
- Dividends of ₹ 35,000 collected by the Bank and Fire insurance premium of ₹ 20,000 paid by it were not recorded in the cash book.
- One cheque issued to a Creditor of ₹ 1,29,000 was recorded twice in the Cash book.
- A debtor Mr. A has deposited the Cheque for ₹ 32,000 into the bank directly in the month of March, 2021 without intimating to Satyam Traders and the same cheque was dishonored by the bank due to insufficient funds in the month of March itself.
- A cheque from customer for ₹ 5,000 was deposited in bank on 28th March, 2021 but was dishonored and advice received from bank on 3rd April, 2021.
- Bank paid credit card bill of ₹ 2,500 which is not recorded in cash book.
- Bank wrongly credited cheque of ₹ 25,000 of other customer in our account.
- Bank credited cheque of ₹ 2,000 in savings account of proprietor of Satyam Traders instead of crediting cheque in current account of Satyam Traders.
- ₹ 500 discount received wrongly entered in bank column in cash book.
- Bank debited charges ₹ 200 on 25th March for which no intimation received till 31st March.

Ans. Bank Reconciliation Statement of Satyam Traders as on 31st March, 2021 (Mtp-Oct-'21)

Particulars	Amount ₹	Amount ₹
Balance as per Cash Book		4,12,200
Add:		
Mistake in bringing forward ₹18,500/-debit		
Balance as credit balance on 22nd March Cheques issued but not presented	37,000	
Issued = ₹42,000 less cashed ₹ 28,500 = ₹13,500/-	13,500	
Dividend directly collected but not entered in cash book		
Cheques recorded twice in the cash book	35,000	
Wrongly credited cheque by bank	1,29,000	
Discount amount wrongly entered in bank column	25,000	
TOTAL	500	
		2,40,000



Less:		
Wrong casting in cash book on 12th March, 2021	12,000	
Cheque issued and not entered in the Bank Column	85,000	
Fire Insurance premium paid directly by bank	20,000	
Cheque dishonored not recorded in books	5,000	
Credit card payment not recorded in cash book	2,500	
Cheque wrongly deposited by bank in savings account	2,000	
Bank charges debited not recorded in cash book	200	
TOTAL		1,26,700
Balance as per the Passbook		5,25,500

No effects of cheque deposit directly and dishonored in the same Month. Alternatively figure of ₹ 32,000/- can be added as well as deducted from balance as per cash book.

Q-21 Prepare a Bank Reconciliation statement for Satyam Traders as on 31st March, 2021. The cash book of Satyam Traders shows a debit balance of ₹ 4,12,200 at bank as on 31st March, 2021, but you find that it does not agree with the balance as per Pass Book. After checking you find the following:

- On 12th March, 2021 the payment side of the Cash Book was under cast by ₹ 12,000/-
- A cheque of ₹ 85,000 issued on 20th March, 2021 was not taken in the bank column.
- On 22nd March, 2021 the debit balance of ₹ 18,500 as on the previous day, was brought forwards as credit balance.
- Out of the total cheques amounting to ₹ 42,000 issued in, the last week of March, 2021, cheques aggregating ₹ 28,500 were encashed in March, 2021.
- Dividends of ₹ 35,000 collected by the Bank and Fire insurance premium of ₹ 20,000 paid by it were not recorded in the cash book.
- One cheque issued to a Creditor of ₹ 1,29,000 was recorded twice in the Cash book.
- A debtor Mr. A has deposited the Cheque for ₹ 32,000 into the bank directly in the month of March, 2021 without intimating to Satyam Traders and the same cheque was dishonored by the bank due to insufficient funds in the month of March itself.
- A cheque from customer for ₹ 5,000 was deposited in bank on 28th March, 2021 but was dishonored and advice received from bank on 3rd April, 2021.
- Bank paid credit card bill of ₹ 2,500 which is not recorded in cash book.
- Bank wrongly credited cheque of ₹ 25,000 of other customer in our account.
- Bank credited cheque of ₹ 2,000 in savings account of proprietor of Satyam Traders instead of crediting cheque in current account of Satyam Traders.
- ₹ 500 discount received wrongly entered in bank column in cash book.
- Bank debited charges ₹ 200 on 25th March for which no intimation received till 31st March.

(Mtp-Oct-'21)



Ans. Bank Reconciliation Statement of Satyam Traders as on 31st March, 2021

Particulars	Amount	Amount
Balance as per Cash Book		4,12,200
Add:		
Mistake in bringing forward ₹18,500/-debit	37,000	
Balance as credit balance on 22nd March	13,500	
Cheques issued but not presented		
Issued = ₹ 42,000 less cashed ₹ 28,500		
= ₹ 13,500/-		
Dividend directly collected but not entered in cash book	35,000	
Cheques recorded twice in the cash book	1,29,000	
Wrongly credited cheque by bank	25,000	
Discount amount wrongly entered in bank column	500	
TOTAL		2,40,000
Less:		
Wrong casting in cash book on 12th March, 2021	12,000	
Cheque issued and not entered in the Bank Column	85,000	
Fire Insurance premium paid directly by bank	20,000	
Cheque dishonored not recorded in books	5,000	
Credit card payment not recorded in cash book	2,500	
Cheque wrongly deposited by bank in savings account	2,000	
Bank charges debited not recorded in cash book	200	
TOTAL		1,26,700
Balance as per the Passbook		5,25,500

No effects of cheque deposit directly and dishonored in the same Month. Alternatively figure of ₹ 32,000/- can be added as well as deducted from balance as per cash book.

Q-22 Prepare the Bank Reconciliation Statement of M/s. Singh Brothers on 30th June 2022 from the particulars given below:

- The Bank Pass Book had a debit balance of ₹ 75,000 on 30th June, 2022.
- A cheque worth ₹ 1,200 directly deposited into Bank by customer but no entry was made in the Cash Book.
- Out of cheques issued worth ₹ 1,02,000, cheques amounting to ₹ 60,000 only were presented for payment till 30th June, 2022.
- A cheque for ₹ 12,000 received and entered in the Cash Book but it was not sent to the Bank.
- Cheques worth ₹ 60,000 had been sent to Bank for collection but the collection was reported by the Bank as under.
 - Cheques collected before 30th June, 2022, ₹ 42,000
 - Cheques collected on 10th July, 2022, ₹ 12,000
 - Cheques collected on 12th July, 2022, ₹ 6,000.
- The Bank made a direct payment of ₹ 1,800 which was not recorded in the Cash Book.

- (vii) Interest on Overdraft charged by the bank ₹ 4,800 was not recorded in the Cash Book.
 (viii) Bank charges worth ₹ 240 have been entered twice in the cash book whereas Insurance charges for ₹ 210 directly paid by Bank was not at all entered in the Cash Book.
 (ix) The credit side of bank column of Cash Book was under cast by ₹ 6,000.
 (x) A bill for ₹ 3000(discounted with bank in May, 2022) dishonored on 30th June, 2022 and noting charges of Rs 100 paid by bank.

[MTP-1 Nov'22, 10 Marks]

Bank Reconciliation Statement as on 30th June 2022

Particulars	Amount	Amount
		75,000
Overdraft as per Pass Book (Dr. Balance)		
Add: Cheques deposited into the Bank by Customer but not entered in Cash Book	1,200	
Cheques issued but not presented ₹ (1,02,000-60,000)	42,000	
Bank charges written twice in Cash Book	240	43,440
		1,18,440
Less: Cheques received, recorded in cash Book but not sent to the Bank	12,000	
Cheques sent to the Bank but not collected	18,000	
Direct payment made by the bank not recorded in the Cash book	1,800	
Interest on Overdraft charged by Bank	4,800	
Insurance charges not entered in Cash Book	210	
Credit side of bank column of Cash Book was undercast	6,000	
Discounted bill dishonored & noting charges Paid (WN)	3,100	45,910
Overdraft as per Cash Book		72,530

Working Note: Bill amount of ₹ 3,100 were debited by bank. However, it is not been recorded in the Cash Book. So to arrive at the cash balance, ₹ 3,100 was added.

23 From the following particulars, prepare a Bank Reconciliation Statement for Adam Ltd. As on 31.3.2022

- (1) Balance as per cash book is ₹ 6,00,000.
 (2) Cheques issued but not presented in the bank amounts to ₹ 3,40,000.
 (3) Bank charges amounts to ₹ 1,500.
 (4) Interest credited by bank amounts to ₹ 7,500.

[MTP-1 May 22, 5 Marks]

Adam Ltd.

Bank Reconciliation Statement as on 31.3.2022

Particulars	₹
Balance as per cash book	6,00,000
Add : Cheque issued but not presented	3,40,000
Interest credited	7,500
	9,47,500
Less: Bank charges	(1,500)
Balance as per pass book	9,46,000



Q-24 On 31st October, 2022, the Cash Book of Mr. Shankar showed an overdrawn position of 13,440 although his Bank Statement showed only ₹ 9,600 overdrawn. An examination of the two records showed the following errors:

- (i) The debit side of the Cash Book was undercast by ₹ 1,200.
- (ii) A cheque for ₹ 4,800 in favour of Hari suppliers Ltd. was omitted by the bank from the statement, the cheque was debited to another customer's Account.
- (iii) A cheque for ₹ 561 drawn for payment of telephone bill was recorded in the Cash Book as ₹ 516 but was shown correctly in the Bank Statement.
- (iv) A cheque for ₹ 1,275 from Mr. Satpal 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 ₹ 450 to Mr. Shankar Account by mistake, it should have been debited by them to Mr. Kar's Account.
- (vi) A dividend of ₹ 300 was collected by the bank but not entered in the Cash Book.
- (vii) Cheques totalling ₹ 3,900 drawn on October was not presented for payment.
- (viii) Cheque for ₹ 3,600 deposited on 30th October was not credited by the Bank.
- (ix) Interest amounting to ₹ 900 was debited by the Bank but yet to be entered in the Cash Book.

You are required to prepare a Bank Reconciliation Statement on 31st October, 2022.

(RTP June 23)

Ans. Bank Reconciliation Statement as on 31st October, 2022

Particulars	₹	₹
Bank Overdraft as per Bank Statement		9,600
Add: (i) Debit side of the Cash Book was undercast	1,200	
(ii) Cheque issued but debited by the Bank to another customer's account by mistake	4,800	
(vi) Dividend directly collected by the Bank but not entered in the Cash Book	300	
(vii) Cheque issued but yet to be presented for payment	3,900	10,200
		19,800
Less: (iii) Cheque issued for ₹ 561 posted in the Cash Book as ₹ 516		45
(iv) Cheque dishonoured but not recorded in the Cash Book	1,275	
(v) Wrong debit by the Bank to Shankar's A/c	450	
(viii) Cheque deposited but yet to be credited	3,600	
(ix) Interest debited by the Bank and yet to be entered in the Cash Book	900	6,270
Bank overdraft as per the Cash Book (Cr.)		13,530

Q-25 The Cash-book of M/s Rajat shows ₹ 1,10,280 as the balance at Bank as on 31st March, 2022. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found:

- (i) Subsidy ₹ 41,000 received from the government directly by the bank, but not advised to the company.
- (ii) On 15th March, 2022 the payments side of the Cash-book was under cast by ₹ 1400.
- (iii) On 20th March, 2022 the debit balance of ₹ 8624 as on the previous day, was brought forward as credit balance in Cash-book.
- (iv) A customer of the M/s Rajat, who received a cash discount of 5% on his account of ₹ 80,000, paid to M/s Rajat a cheque on 24th March, 2022. The cashier erroneously entered the gross amount in the Cash-Book.
- (v) On 10th March, 2022 a bill for ₹ 22,800 was discounted from the bank, entered in Cash-book, but proceeds credited in Bank Statement amounted to ₹ 22,000 only.
- (vi) A cheque issued amounting to ₹ 6,900 returned marked 'out of date'. No entry made in Cash-book.
- (vii) Insurance premium ₹ 3,024 paid directly by bank under a standing order. No entry made in cash-book.
- (viii) A bill receivable for ₹ 6,120 discounted for ₹ 6,000 with the bank had been dishonoured on 30th March, 2022, but advice was received on 1st April, 2022.
- (ix) Bank recorded a Cash deposit of ₹ 6,550 as ₹ 6,505.

Prepare Bank Reconciliation Statement on 31st March, 2022.

(RTP-Nov 22)

Ans.	Bank Reconciliation Statement on 31st March, 2022	₹
	Bank Balance as per Cash Book	1,10,280
Add:	(i) Subsidy from government received directly by the bank not recorded in the Cash Book	41,000
	(iii) Debit balance of ₹ 8624 brought forward as credit balance on 20th March, 2022 in the Cash Book	17,248
	(vi) Cheque issued returned marked 'out of date'	6,900
		<u>65,148</u>
		1,75,428
Less:	(ii) Cash Book under cast on 15th March, 2022	1,400
	(iv) Discount allowed to a customer, however entry made at gross amount in the Cash Book	400
	(v) Commission charged by bank on discounting of bill, not considered in Cash Book	800
	(vii) Insurance Premium paid directly by bank under standing instructions	3,024
	(viii) Discounted B/R dishonoured; not entered in Cash Book	6,120
	(ix) Bank recorded short cash deposit	45
		<u>11,789</u>
	Balance as per Bank Statement	1,63,639



Q-26 The cash book of Mr. Karan shows ₹ 2,60,400 as the balance of bank as on 31st December, 2021 but you find that it does not agree with the balance as per the bank pass book. On analysis, you found the following discrepancies:

- (i) On 15th December, 2021 the payment side of the cash book was overcast by ₹ 10,000
- (ii) A Cheque for ₹ 1,18,000 issued on 6th December, 2021 was not taken in the bank column
- (iii) On 20th December, 2021 the debit balance of ₹ 8,460 as on the previous day, was brought forward as credit balance in the cash book.
- (iv) Of the total cheques amounting to ₹ 12,370 drawn in the last week of December 2021 cheques aggregating ₹ 9,360 were encashed in December, 2021.
- (v) Dividends of ₹ 35,000 collected by the bank and fire insurance premium of ₹ 7,900 paid by the bank were not recorded in the cash book.
- (vi) A Cheque issued to a creditor of ₹ 1,75,000 was recorded twice in the cash book.
- (vii) Bill for collection amounting to ₹ 53,000 credited by the bank on 21st December, 2021 but no advice was received by Mr. Karan till 31st December, 2021.
- (viii) A Customer, who received a cash discount of 3% on his account of ₹ 60,000 paid a cheque on 10th December, 2021. The cashier erroneously entered the gross amount in the bank column of the cash book.

You are required to prepare the bank reconciliation statement as on 31st December, 2021.

(Past paper- Nov 22, 10 Marks)

Ans. Bank Reconciliation Statement of Mr. Karan as on 31st Dec., 2021

Particulars	Details	Amount
	₹	₹
Balance as per the Cash Book		2,60,400
Add: Wrong Casting in Cash book as on 15th December, 2021		10,000
Mistake in bringing forward ₹ 8,460 debit balance as credit balance on 20th Dec., 2021		16,920
Cheques issued but not presented:		
Issued	12,370	
Encashed	9,360	3,010
Dividends directly collected by bank but not yet entered in the Cash Book		35,000
Cheque recorded twice in the Cash Book		1,75,000
Bill for Collection credited in Bank not entered in Cash Book		53,000
Less: Cheques issued but not entered in the Bank column		1,18,000
		2,92,930
		5,53,330

Fire Insurance Premium paid by the bank

directly not yet recorded in the Cash Book

7,900

Discount allowed wrongly entered in Cash Book

1,800 (1,27,700)

Balance as per the Pass Book

4,25,630

Note: The above answer has been given considering that the books are not closed on 31st December, 2021. Alternatively, If the books are to be closed on 31st December, then adjusted cash book will be prepared as given below:

Adjusted Cash Book

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	2,60,400	By cheques not entered	1,18,000
To wrong casting	10,000	By Fire Insurance Premium	7,900
To error for wrong posting	16,920	By discount wrongly entered	1,800
To dividends collected by bank	35,000	By balance c/d	3,69,620
To cheques recorded twice	1,75,000		
	<u>4,97,320</u>		<u>4,97,320</u>

Bank Reconciliation Statement

Particulars	₹
Balance as per the Cash Book (corrected)	3,69,620
Add: Cheques issued but not yet presented	3,010
Bill for collection credited by Bank	<u>53,000</u>
	<u>4,25,630</u>

Balance as per the Pass Book

Q-27 T draws on J a bill of exchange for ₹ 1,80,000 on 1st April, 2022 for 3 months. J accepts the bill from his banker for ₹ 1,72,800. T immediately

(Being the amount received from T and S balance being written off as bad debts)

Q-28 From the following particulars, prepare a Bank Reconciliation Statement on 31st March 2021.

Particulars	Amount (₹)
Bank balance as per Pass Book	25,00,000
Bills discounted dishonored not recorded in Cash Book	12,50,000
Cheque received entered twice in Cash Book	25,000
Bank charges entered twice in Cash Book	5,000
Insurance premium paid directly by Bank under-standing instruction	1,50,000
Cheque issued but not presented to Bank for payment	12,50,000
Cheque received, but not sent to Bank	28,00,000
Cheque deposited in Bank, but no entry passed in the Cash Book	12,50,000
Credit side of the Bank column cast short	5,000

Ans. **Bank Reconciliation Statement as on 31st March, 2021**

		₹	₹
	Bank balance as per Pass book		25,00,000
Add:	Bills dishonoured not recorded in the cash book	12,50,000	
	Cheque received entered twice in the cash book	25,000	
	Insurance premium paid directly not recorded in the cash book	1,50,000	
	Cheque received but not sent to the bank	28,00,000	
	Credit side of the bank column cast short	5,000	42,30,000
			67,30,000
Less:	Cheque deposited into the bank but no entry was passed in the cash book	12,50,000	
	Bank charges recorded twice in the cash book	5,000	
	Cheque issued but not presented to the bank	12,50,000	(25,05,000)
	Bank balance as per Cash book		42,25,000

Q-29 On 30th September, 2022, the bank account of Vikrant, according to the bank column of the Cash- Book, was overdrawn to the extent of ₹ 8,124. On the same date the bank statement



CHAPTER-3 Bank Reconciliation statement

showed a debit balance of ₹ 41,516 in favour of Vikrant. An examination of the Cash Book and Bank Statement reveals the following:

1. A cheque for ₹ 26,28,000 deposited on 29th September, 2022 was credited by the bank only on 3rd October, 2022
2. A payment by cheque for ₹ 32,000 has been entered twice in the Cash Book.
3. On 29th September, 2022, the bank credited an amount of ₹ 2,34,800 received from a customer of Vikrant, but the advice was not received by Vikrant until 1st October, 2022.
4. Bank charges amounting to ₹ 1,160 had not been entered in the Cash Book.
5. On 6th September, 2022, the bank credited ₹ 40,000 to Vikrant in error.
6. A bill of exchange for ₹ 2,80,000 was discounted by Vikrant with his bank. This bill was dishonoured on 28th September, 2022 but no entry had been made in the books of Vikrant.
7. Cheques issued upto 30th September, 2022 but not presented for payment upto that date totalled ₹ 26,52,000.

You are required:

- (a) to show the appropriate rectifications required in the Cash Book of Vikrant, to arrive at the correct balance on 30th September, 2022 and
- (b) to prepare a bank reconciliation statement as on that date. [RTP Dec. '23]

Ans.

(i)

Cash Book (Bank Column)

Date	Particulars	Amount	Date	Particulars	Amount
2022		₹	2022		
Sept. 30	To Party A/c	32,000	Sept. 30	By Balance b/d	
	To Customer A/c	2,34,800		By Bank charges	8,124
	(Direct deposit)	22,484		By Customer A/c	1,160
	To Balance c/d			(B/R dishonoured)	2,80,000
		2,89,284			2,89,284

(ii) Bank Reconciliation Statement as on 30th September, 2022

Particulars	Amount (₹)
Overdraft as per Cash Book	
Add: Cheque deposited but not collected upto 30th Sept., 2022	22,484
	26,28,000
Less: Cheques issued but not presented for payment upto 30th Sept., 2022	26,50,484
Credit by Bank erroneously on 6th Sept.	(26,52,000)
Overdraft as per bank statement	(40,000)
	41,516

Note: Bank has credited Vikrant by 40,000 in error on 6th September, 2022. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with ₹ 26,52,000 resulting in debit balance of ₹ 1,516 as per pass-book.



Q-30 From the following information prepare a Bank Reconciliation Statement as on 31st March 2022 for A Ltd.

	₹
Bank overdraft as per cash book as 31st March, 2022	15,50,750
1. Cheques deposited on 15th February, 2022 credited on 5th April, 2022	12,50,000
2. Interest debited by bank on 31st March, 2022 but not entered in Cash Book	1,75,500
3. Cheques issued before 31st March, 2022 but not yet presented	7,75,000
4. On 10th March, 2022 bank credited to A Ltd. in error	1,50,000
5. Draft deposited in bank but not credited till 31st March, 2022	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

[Sugg.-June'23] (5 Marks)

Ans.

M/s. A Ltd.

Bank Reconciliation Statement as on 31st March, 2022

Particulars	Details	Amount
Overdraft as per Cash Book	12,50,000	15,50,750
Add: Cheque deposited but not credited Interest charged by the bank	1,75,500	
Draft deposited in bank but not yet credited	12,75,000	
Bank Charges not entered in cash book	2,85,000	
		29,85,500
Less: Cheque issued but not yet presented	(7,75,000)	45,36,250
Transport subsidy not yet recorded in the Cash Book	(17,50,000)	
Bills for collection credited in the bank not yet entered in the cash book	(9,45,000)	
Wrong credit by the bank	(1,50,000)	(36,20,000)
Overdraft as per bank statement		9,16,250

Alternatively, the above solution can also be done through Adjusted Cash Book.

Cash Book (Bank Column)

Particulars	Amount	Particulars	Amount
	₹		₹
To Bill Receivable	9,45,000	By Balance b/d	15,50,750
To Transport subsidy received	17,50,000	By Interest debited by Bank	1,75,500
		By Bank Charges	2,85,000
		By Balance c/d	6,83,750
	26,95,000		26,95,000

M/s. A Ltd.

Bank Reconciliation Statement as on 31st March, 2022

Particulars	Details ₹	Amount ₹
Balance as per Cash Book	7,75,000	6,83,750
Add : Cheque issued but not yet presented Wrong credit by the bank	1,50,000	9,25,000
Less: Cheque deposited but not credited Draft deposited in bank but not yet credited	(12,50,000)	16,08,750
Overdraft as per bank statement	(12,75,000)	(25,25,000)
		(9,16,250)

Q-31 From the following particulars, prepare a Bank Reconciliation Statement as on 31st December, 2022.

- Debit balance (overdraft) shown by the pass book 2,48,000.
- Cheques of 2,10,000 were issued in the last week of December, but of these only 1,40,000 were presented for payment.
- A Cheque for ₹ 19,200 drawn for the payment of telephone bill had been entered in the cash book as ₹ 29,200 but was shown correctly in the bank statement.
- A cheque received for ₹ 37,520 entered twice in the Cash book.
- A Cheque for ₹ 1,17,000 was issued for purchase of merchandise and was paid by the bank but not recorded in cash book.
- Interest on overdraft and bank charges amounting to ₹ 3,500 were not entered in the Cash Book.
- A Cheque for 45,000 was credited in the Pass Book but was not recorded in the Cash Book.
- A bill of exchange for ₹ 26,200 which was discounted with bank returned dishonored but on entry was made in the cash book.
- Payment side of the Cash Book has been undercast by ₹ 12,000.

Ans. Bank Reconciliation Statement as on 31st December, 2022

[Sugg-Dec'23, 8 Marks]

Particulars	Amount	Amount
	(₹)	(₹)
Overdraft as per Pass Book (Dr. Balance)		
Add: Cheques issued but not yet presented ₹ (2,10,000 - 1,40,000)		2,48,000
Cheque wrongly entered in cash book (29,200-19,200)	70,000	
Cheque credited in Pass Book was not recorded in the Cash book	10,000	
Less: Cheques received entered twice in Cash Book	45,000	1,25,000
Cheque issued not recorded in the Cash book	37,520	
Interest on Overdraft and bank charges not entered in Cash Book	1,17,000	
	3,500	

Bill of exchange dishonoured	26,200	
Payment side of bank column of Cash Book was undercast	12,000	1,96,220
Overdraft as per Cash Book		1,76,780

Q-32 On 31 December 2023, Bank Statement of Samar & Co. was showing a favourable balance of ₹1,05,980. This did not agree with the balance in the cash book. On scrutiny of the Cash Book and Bank Statement following discrepancies were found:

- A deposit of 30,825 made on 29th December 2023 had not been credited by the bank till 31 December 2023.
- Cheques issued for ₹48,400 not presented for payment till 31 December 2023.
- On 25th September 2023, the firm had entered into Hire Purchase agreement to pay by bank order a sum of ₹ 25,000 on the 10th of each month, commencing from October 2023. For this transaction no entries had been made in cash book.
- A customer of the firm, who received a cash discount of 4% on his account of ₹2,00,000 paid the firm a cheque on 22 December. The Cashier erroneously entered the gross amount in the bank column of the Cash Book.
- Bank Charges amounting to ₹1,250 had not been entered in Cash Book
- Dividend of 25,000 collected by bank was not recorded in cash book.

Prepare Bank Reconciliation Statement as on 31st December 2023.

[RTP June '24]

Ans.

Particulars	Details (₹)	Amount (₹)
Balance as per the Pass Book		1,05,980
Add: Deposited with bank but not credited	30,825	
Payment of Hire Purchases Instalments for 3 months (Oct.to Dec.) not entered in Cash Book (₹ 25,000X3)	75,000	
Discount allowed wrongly entered in Bank Column	8,000	
Bank Charges not entered in the Cash Book	1,250	1,15,075
		2,21,055
Less: cheques issued but not presented for payments	(48,400)	
Dividends directly collected by bank but not entered in the Cash Book	(25,000)	(73,400)
Balance as per Cash Book		1,47,655