# **Bank Reconciliation Statement**

# 1. Causes of different in the Bank Balance shown by the Cash Book and the Pass Book:

# Cheque issued but not presented for payment.

# Cheque deposited into bank but omitted to be entered in cash book.

# Cheques sent for collection but not collected by bank.

# Interest allowed and credit made by the bank.

# Payment of insurance premium, bills payable, etc. made by the bank.

# Cheque deposited by customers directly in our account.

# Interest charged on overdraft by the bank

# Payments collected by bank against the bills receivable sent to them

# Any wrong entry on the debit side of the pass book.

# Any wrong entry on the credit side of the pass book.

# Dishonor of bills or cheques.

# Rebate on retiring of Bills.

# 2. Need and Importance of Bank Reconciliation Statement

# Helps in locating the mistakes in Cash Book and Pass Book.

# Helps in identifying delay in the clearance of cheques.

# Keep a check on embezzlement and misappropriate or wrong use of funds.

# Helps in checking the accuracy of cash Book.

# It is treated as a good technique of control over the wrong practices adopted by dishonest employees dealing with cash and bank.

# 3. Preparation of Bank Reconciliation Statement

|  |  |  |  |
| --- | --- | --- | --- |
| S.No. | Items | Starting with cash book balance | Starting with pass book balance |
| 1 | Cheques issued but not presented for payment | + | - |
| 2 | Cheques deposited into bank but omitted to be entered in cash book | - | + |
| 3 | Cheques sent for collection but not collected by bank | - | + |
| 4 | Interest allowed and credit made by the bank | + | - |
| 5 | Payment of insurance premium, bills payable, etc. made by the bank | - | + |
| 6 | Cheques deposited by customers directly in our account | + | - |
| 7 | Interest charged on overdraft by the bank. | - | + |
| 8 | Payments collected by Bank against the bills Receivable sent to them | + | - |
| 9 | Any wrong entry on the debit side of the pass book | - | + |
| 10 | Any wrong entry on the credit side of the pass book | + | - |
| 11 | Dishonor of Bills or cheques | - | + |
| 12 | Rebate on retiring of Bills | - | + |

# PREVIOUS YEARS QUESTIONS [practical]

# 1. The following facts relate to the business of Bakshish who requires you to reconcile his cash book with the pass book balance.

|  |  |
| --- | --- |
| Balance as per cash book (cr.) | Rs. 2,800 |
| Unpresented cheques | Rs.3,440 |
| Uncredited cheques | Rs.2,260 |

# Additional information:

# The debit side of the cash book ( bank Column ) has been under cast by Rs.500

# A cheque of Rs.200 paid to a creditor has been entered in the cash column

# Bank charges Rs.80 has not been entered in the cash book

# 2. Following information has been given by Sar Enterprises. Prepare a Bank Reconciliation Statement as on 31st Dec., 2003, showing balance as per Cash Book.

# Debit balance shown by Pass Book Rs.17,800

# cheques of Rs.21,600 were issued in the last week of December but for Rs.14,800 only were presented for payment.

# Cheques of Rs. 10,750 were presented in bank. Out of them a cheque of Rs.4,200 was credited in the first week of January 2004

# a cheque of Rs.1,200 was debited in the cash book but was not presented in bank

# insurance premium paid by the bank Rs.1,450

# A B/E Rs.6,200 which was discounted with the bank, returned dishonoured, but no entry was made in the cash book.

# Bank charges and interest charged by the bank are Rs.350

# 3. Prepare Bank Reconciliation statement from the following particulars as on 31st December, 2003 when Pass Book shows a Debit Balance of Rs.2,500:

# Cheque issued for Rs.5,000 but up to 31st December 2003 only Rs.3,000 could be cleared .

# Cheque deposited for Rs. 5,500 but cheques of Rs.500 were collected on 10-1-2004.

# A discounted bill of exchange dishonoured Rs.2,000

# A cheque of Rs. 300 debited in Cash Book but omitted to be Banked.

# Interest allowed by Bank Rs. 400 but no entry was passed in the Cash Book.

# 4. From the following information supplied by Mr. D.H.., prepare his Bank Reconciliation Statement as on 31.3.2002

# Bank overdraft as per Pass Book Rs.33,000

# Cheques issued but not presented for payment Rs.17,500

# Cheques deposited but not collected Rs.21,000

# Cheques recorded n the cash book, but not sent to the bank for collection Rs.4,000

# Payment received from customers direct by the Bank Rs.7,000

# Bank charges debited in Pass Book Rs. 40

# Premium on life Insurance Policy of Mr. D.H. paid by Bank on standing instructions Rs.360

# A bill for Rs. 6,000 dishonoured on 30.3.2002 and Bank paid Nothing Charges. Rs. 20

# (This Bill was discounted on 30.1.2002)

# 5. The pass book of a customer shows a bank balance of Rs.62,000 on 31st Dec.2002. on comparing it with cash book the following discrepancies were noted:

# Cheques paid into Bank in Dec but were credited in Jan next.

# p- Rs.3,500; Q-Rs.2,500; R- Rs 2,000

# Cheques issued in Dec. but were presented in Jan.

# X- Rs. 4,000; Y- Rs.4,500

# cheque for Rs.1,000 received from a customer entered in cash book but was omitted to be banked.

# The pass book shows a debit of Rs.1,000 for bank charges and credit of Rs.2,000 for interest.

# Interest on investment Rs.2,500 collected by bank appeared in the pass book.

# Prepare Bank reconciliation Statement showing the balance as per cash book on 31st Dec.2002.

# 6. From the following particulars, you are required to ascertain the bank balance as would appear in the cash book of Bhatia as on October 31, 2001.

# The bank pass book showed an overdraft of Rs.16,500 on October 31.

# Interest of Rs.1,250 on overdraft up to October 31, 2001 has been debited in bank pass book, but it has not been entered in the cash book.

# Bank charges debited in the bank pass book amount to Rs.35

# Cheques issued, prior to October 31, 2001 but not presented till that date, amounted to Rs. 11,500

# Cheques paid into bank before October 31, but not collected and credited up to that date, were for Rs.2,500

# Interest on Investment collected by the bankers and credited in the bank pass book amounted to Rs. 1,800

# 7. Prepare Bank Reconciliation Statement from the following particulars as on 31st Dec., 2001, when Pass Book shows a debit balance of Rs. 2,500

# Cheque issued for Rs. 5,00 but up to 31-12-2001 only Rs.3,000 could be cleared.

# Cheque issued for Rs.1,000 but omitted to be recorded in Cash Book.

# Cheque deposited for Rs. 5,500 but cheques for Rs. 500 were collected on 4-1-2002

# A discounted Bill of Exchange dishonoured Rs.1,000

# A cheque of Rs. 500 debited in Cash Book, but omitted to be Banked.

# Interest allowed by Bank Rs.200, but no entry was passed in the cash Book [Delhi 2002]

# At the end of 2000 Bhatia Enterprises cash book showed a bank balance of Rs.1,850. on comparing the same with the bank pass book, she found that cheques amounting to Rs.1,360.79 had been issued towards the close of the year, Rs.281.84 of which were presented for payment in January next. She had deposited cash and cheques worth Rs.1,389.15 on 29th December, of which cheques for Rs.470.76 were cleared in January. The bank credited her account with Rs.140.70 in the pass book in respect of divided collected and she has debited her with Rs.25 as for collection outstation cheques. Prepare a bank reconciliation statement as on 31st December.

# The cash book of a merchant showed a bank balance of Rs.7,500 on 31st December 1999. on going through the cash book it was found that two cheques for Rs.500 and Rs.700 deposited in the month of December were not credited in the pass book till January 1, 2000 and three cheques for Rs.600, Rs.800 and Rs.1,200 issued on December 28, were not presented for payment till January 3, 2000. in addition to this bank had credited the merchant for Rs. 125 as interest and had debited him for Rs.10 as bank charges for which there were no corresponding entries in the cash book.

# Prepare a bank reconciliation statement.

# A trade prepares at the end of each month a bank reconciliation statement for the business. Draft one such statement from the under mentioned items as on 31st December, 1999.

# Cash and cheques totaling Rs.36,950 were sent to bank in the month of December, but of these one cheque for Rs.4,500 was credited in the pass book on 2nd January, 2000

# On 26th December cheques were drawn in favour of creditors for Rs. 9,500 but of these one cheque fore Rs.4,000 was encashed on 2nd January, 2000 and another for Rs.3,000 has not yet been presented.

# One customer had deposited directly into Bank Rs.1,250 but there is no mention of the same in cash book.

# The trade has withdrawn from bank Rs.3,500 but the same has not been entered in cash book.

# On 29th December a cheque for Rs.3,000 was received and entered in the cash book but had been omitted to be sent to bank.

# On 27th December, 1999 Rs.175 were credited in pass book as six-monthly interest but the same had been recorded in the cash book on 31st December, 1999.

# Bank balance as per cash book Rs.20,000

# On 31st December, 1999 the cash book of Mehta showed debit balance of Rs.1,850. On comparing the cash book with the pass book, the following discharges were noted:

# Cheques issued Rs.6,000 were not presented at bank by 31.12.1999

# Cheques for Rs.8,000 were deposited in bank but were not cleared.

# A cheque for Rs.200 received from Dev and deposited in bank was dishonoured. No advice for non-payment was received from bank till 1.1.2000.

# A cheque for Rs.510 was paid into bank but bank credited the amount with Rs.501 by mistake.

# Bank received interest on debentures on behalf of Metha amounting to Rs.250

# A cheque for Rs.500 entered into the cash book was omitted to be banked. Prepare a bank reconciliation statement and show the balance as per pass

# book.

# From the following particulars prepares a bank reconciliation statement as on 31st march, 1999

# Balance as per cash book on 31st March, 1999 was Rs.12,000

# Cheques deposited in the bank on 27th March Rs.6,000 credited in the pass book on 5th April, 1999.

# Interest Rs.14 credited by the bank on 31st March, 1999 was not entered in cash book.

# Cheques worth Rs.8,000 issued prior to 31st March, 1999 were not presented to the bank till 31st March,1999

# Bank charges Rs.18 recorded in pass book only

# Cheque issued to a creditor for Rs.500 was through mistake entered in the cash column of cash book. The cheque had not been presented for payment.

# From the following particulars, ascertain the balance by means of the statement that would appear in the pass book of Mr. Bakshish as on 31st December, 2000:

# Overdraft as per cash book ( on 31st December 2000) Rs.7,190.

# Interest on overdraft for six months ending 31st December, 2000 Rs. 160

# Bank charges for the above period Rs.70

# Cheques drawn but not cashed by the customers prior to 31st December, 2000 Rs.1,270.

# Cheques paid into bank but not cleared before 31st December, 2000 Rs.2,210

# A bill receivable ( discounted with bank in November) dishonoured on 31s December, 2000 Rs.600

# Ascertain the balance that would appear in the book statement o Mr. Bhatia as at 31st December, 2000:

# Cheques paid into bank but not cleared before 31st December, 2000 were Rs.1,085.

# Bank has debited Rs.2 as collection charges on outstation cheques but not yet entered in cash book.

# Cheque issued but cashed after 31st December amounted to Rs.1,500.

# Dividend of Rs.800 on shares collected directly by bank not yet taken in cash book.

# As per standing instruction bank has paid insurance premium of Rs.300 but not yet entered in cash book.

# Bank overdraft as per cash book on 31st December, 2000 was Rs.3,500

# On 31st December, 1999 the cash book with the bank of a merchant showed a bank overdraft of Rs.1,729.85. on comparing the cash book with the bank pass book the following discrepancies were noted :

# Cheques issued for Rs.600 were not presented at the bank till 7th January, 2000

# Cheques amounting to Rs.750 were deposited in the bank but were not collected.

# A cheque for Rs.150 received from Mahesh Chand and deposited in the bank was dishonoured and advice of non payment was not received from bank till the 1st January, 2000

# Rs.1,500 being the proceeds of a bill receivable collected appear in the pass book but not in the cash book.

# Bank charges Rs.15 and interest on overdraft Rs.85 appear in the pass book nut not in the cash book.

# Prepare a reconciliation statement and show what balance the bank pass book would indicate on 31st December, 1999

# On checking Ram’s cash book with the bank statement of his current account for the month of November 2000, you find the following:

# Cash book showed an overdraft of Rs.4,500

# The payment side of the cash book had been undercast by Rs.150

# A cheque of Rs..750 drawn on his saving deposit account has been shown as drawn on current account.

# Cheque amounting to Rs.7,000 drawn and entered in the cash book had not been presented.

# Cheques amounting to Rs.6,000 sent to the bank for collection though entered in the cash book, has not been credited by the bank.

# Bank charges of Rs.75 as per bank statement of account has not been taken in the cash book.

# Divided of the amount of Rs.2,500 had been paid direct to the bank and not entered in the cash book.

# You are required to arrive at the balance as it would appear in the bank statement as o 30th November, 2000

# The following facts relate to the business of Sir Bali who requires you to reconcile his cash book balance with his pass book balance:

# Rs.

# Balance as per cash book ( Cr.) 1,400

# Unpresented cheques 1,720

# Uncredited cheques 1,130

# You have been given the following figures as additional information:

# The debit side of the cash book ( bank column) has been undercast by Rs.250

# A cheque for Rs.100 paid to a creditor has been wrongly entered in the cash column.

# Bank commission and other charges for the services Rs.40 have not been recorded in the cash book.

# On 31st January, 1999 my cash book showed bank overdraft of Rs.12,500. on comparing it with the pass book, the following difference were noted:

# Cash and cheques amounting to Rs.1,340 were sent to bank on 27th January, but cheques worth amounting to Rs.230 were credited on 2nd February and one cheque for Rs.45 was returned by bank as dishonoured on 4th February.

# During the month of January, I issued cheques worth Rs.1,670 to my creditors. Out of these, cheques worth Rs.1,370 were presented for payment on 5th February.

# According to my standing orders the bankers have paid during the month of January the following:

# Life insurance premium Rs.170

# Television license fee Rs.120

# Driving license fee Rs.22

# My bankers have collected Rs.150 as divided on the shares.

# My bankers have given me wrong credit for Rs.150

# A B/R for Rs. 100 discounted with bank in December 1998 has been dishonoured on 31st January, 1999.

# Interest charged by the bank Rs.125

# Prepare a bank reconciliation statement on 31st January, 1999

# 

# From the following particulars prepare a bank reconciliation statement as on 31st December, 1999:

# On 31st December, 1999 a merchant’s pass book showed a credit balance of Rs.5,400. a comparison of the entries with the cash book revealed that he had paid in cheques amounting to Rs.600 on 30th December 1999. out of which cheques of the value of Rs.240 were credited in the pass book on 3rd January, 2000. He had issued cheques amounting to Rs.1,500 before 31st December, of which he found that cheques for Rs.466 was debited in his account after 1st January, 2000. there was a debit in the pass book of Rs.15 in respect of bank charges and credit of Rs.35 for interest.

# On 31st December, two cheques of the value of Rs.1,000 and Rs.500 respectively issued to the traders creditors were not yet presented for payment. Besides the bank collected Rs.150 direct as commission and credited it into the account before December 31,2000. You are required to draw up a bank reconciliation statements showing the correct balance in cash book.

# On 31st December, 2000 the pass book of a merchant showed a credit balance of Rs.3,357. the cheques and draft sent to the book but not collected and credited amounted to Rs.790 and three cheques for Rs.300, Rs.150 and Rs.200 respectively were not presented for payment till 31st January next.

# Bank has paid a bill amounting to Rs.1,000 but it has not been entered in the cash book, and bill receivable for Rs.500 which was discounted with the bank was dishonoured on the due date.

# The Bank has charged Rs.13 as its commission for collection of outstation cheques and has allowed interest Rs.10 on the trader’s balance.

# Prepare a bank reconciliation statement and show the balance as it would appear in the cash book.

# From the following particulars prepares a bank reconciliation statement of Govil as on 31st December, 1999:

# Balance as per pass book on 31st December, 1999 is Rs.8,500. Cheques for Rs.5,100 were issued during the month of December but of these, cheques for Rs.1,200 were presented in the month of January 2000 and one cheque for Rs.200 was not presented for payment. Cheque and cash amounting to Rs.4,800 were deposited in bank during December but credit was given for Rs.3,800 only. A customer has deposited Rs.800 into bank directly. The bank credited the merchant for Rs.200 as interest and has debited him for Rs.30 as bank charges for which there are no corresponding entries in cash book.

# On 31st December, 2000, my pass book showed an overdraft of Rs.12,500. on scrutiny the following were noticed:

# Cheques amounting to Rs.2,100 were paid into Bank on 29th December of which only Rs.175 was credited by the bank in the pass book.

# Cheques for Rs.4,000 were issued by me of which only one cheque for Rs.600 was presented for payment.

# There is a debit of Rs.150 for interest and Rs.50 for bank charges in the pass book which have not been entered in my books.

# Rs.250 debited to bank in my books has been omitted to be banked. Prepare a reconciliation statements to show the balance as per my books.

# From the following particulars ascertain the balance that would appear in the cash book of Mr.Bhatia as on December, 31st 2000:

|  |  |
| --- | --- |
| (i) Overdraft as per pass book ( on 31st December, 200) | Rs. 13,880 |
| (ii) interest on overdraft for six months ending 31st December 2000 ( not yet entered in the cash book) | 240 |
| (iii) Bank charges for the above period (not yet entered in the cash book) | 60 |
| (iv) Cheques drawn but not cashed by the customer prior to 31st December, 2000 | 2,300 |
| (v) Cheques paid into bank but not cleared before 31st  December, 2000 | 4,300 |
| (vi) A bill receivable ( discounted with the bank in November ) dishonoured on 31st December, 2000 | 1,000 |

# The bank statement of Mr.Sachin showed an overdraft to the tune of Rs.60,400 as on 31-12-1999. the ledger account of the bank in Mr. Sachin’s book showed a debit balance of Rs.1,45,280 as on the same date. The following further facts and figures are available :

|  |  |
| --- | --- |
|  | Rs. |
| Cheque No. 143211 dated 21-12-1999 issued to tax consultants was not cashed till 31-12-1999 | 12,000 |
| Cheque No. 143246 dated 20-12-1999 issued to management consultancy services was cashed on 14-1-1999 | 20,000 |
| Cheque No.14347 dated 29-12-1999 issued to cost and care centre was cancelled on 31-1-2000 against a fresh cheque issued on the same date | 54,840 |
| Cheque No. 3231674 received from M/s Gupta & Sons and deposited into the Bank on 28-12-1999 was credited in the account on 3-1-200 | 2,20,000 |
| Divided warrant deposited on 29-12-1992 was not credited by the bank till 31-12-1999 | 74,000 |
| Bank charge not adjusted in books of Mr.Sachin till 31-12-1999 | 680 |
| Interest credited by the bank and not adjusted in the book till 31-12-1999 | 2,560 |

# From the following particulars taken on 31st December, 1999 from the books of Aman & Co., prepare a bank reconciliation statement to reconcile bank balance shown in the cash book with that shown in the pass book:

# The bank pass book shows an amount of Rs.10,636 due to the bank from Aman & Co.

# There cheques of Rs.135, Rs.989 and Rs.2,735 drawn in favour of creditors and handed over to them on 29th December, 1999 but were cleared on 7th January, 2000.

# Two cheque of Rs.6,534 and of Rs.2080 were deposited in the bank on 29th December, 1999 but were cleared on 7th January,2000

# interest charged by the bank to the extent of Rs.87 was not entered in the cash book.

# In accordance with the standing instructions of the client the bank had paid Rs.250 as subscription for a club and Rs.1,527 life insurance premium for which no entries are found in the cash book.

# The bank has collected dividend of Rs.900 on behalf of the client on the shares of M/s Diwan Mills Ltd., for which no entry was made in the cash book.

# One cheque of Rs.2,634 deposited in the bank on 15th December, 1999 and duly accounted for in the pass book was not entered in the cash book.

# From the following particulars, prepare a bank reconciliation statement of Beeta Diwan Mills Ltd. As on 30th September, 1999:

# Overdraft on 30th September, 1999 as per pass book Rs.10,000

# Cheque deposited in the bank but not recorded in cash book Rs.100

# Cheque received and recorded in the cash book but not sent to bank for collection Rs.1,000

# Several cheque were drawn in the last week of September, totaling rs.15,000; of these, cheques totaling only Rs.9,000 were cashed before 30th September.

# Similarly, several cheques, totaling Rs.9,000 were sent for collection; of these cheques of the value of Rs.1,500 were credited on 5th October and Rs.2,000 on 7th October, balance being credited before 30th September.

# On 11th September, 1999, the credit side of the bank column of cash book was cast Rs.1,000 short and the credit balance of Rs.2,600 on 15th September, 1999 was brought forward on 16th September, 1999 as debit balance of Rs.2,600.

# Fees of Rs.250 were paid directly by the bank but was not recorded in cash book.

# In the cash book, a bank charge of Rs.30 was recorded twice while another bank charge of Rs.50 was not recorded at all.

# Interest of Rs.1,400 was charged by the bank but was not recorded in the cash book.

# Prepare a Bank Reconciliation statement as on 31st December, 2001 after adjusting Cash book.

# Bank Balance as per Cash Book as on 31st Dec., 2001 after adjusting Cash Book.

# Cheques issued for Rs.50,000 out of which, cheques worth Rs.40,000 only were presented for payment.

# Cheques worth Rs.14,000 deposited in the bank on 28th Dec.2001 but had not been credited by the Bank.

# A cheque for Rs.5,000 was entered in the Cash Book on 30th Dec., 2001 but was banked on 3.1.2002

# Pass Book showed bank charges of Rs.200 debited by the Bank.

# Direct payments made into the bank by the customers Rs.5,000

# Pass book showed a credit balance of Rs.5,580 on 31st Dec., 2001

# 29 On checking the Bank Pass Book it was found that it showed an overdraft of Rs.5,220 as on 31-12-2000, while as per ledger it was different to Bank Debit. The following difference were noted:

# Cheques deposited but not yet credited by Bank rs.6,000

# Cheques dishonoured and debited by Bank but not given effect to it in the Ledger Rs.800

# Bank charges debited by Bank but debit Memo not received from Bank Rs.50

# Interest on overdraft excess credited in the ledger Rs.200

# Wrongly credited by Bank to Account, deposit of some other party Rs.900

# Cheque issued but not presented for payment Rs.400 [Delhi 2001]

# 30 From the following particulars make out a Bank Reconciliation Statement and ascertain the balance as per Cash Book on 31st December in the books of Bhatia:

# Pass Book showed an overdraft of Rs.15,000 on 31.12.90.

# Cheque of Rs.200 was deposited in bank but not recorded in cash book.

# Cheques of Rs.17,000 were issued but cheques worth only Rs.10,000 were presented for payment up to 31.12.90

# Cheque of Rs.10,000 were not sent to bank for collection. Out of these cheques of Rs.2,000 and of Rs. 1,000 were credited respectively on 7th Jan and 9th , Jan and remaining cheques were credited before 31.12.90

# Bank Paid Rs.300 fee of Chamber of commerce on behalf of D.K which was not recorded in Cash Book.

# Bank charged interest on overdraft Rs.800

# Rs. 40 for bank charges were recorded two times in Cash Book and Bank expenses of Rs.35 were not at all recorded in cash book.

# Payments side of cash Book was Rs.1,00 short.

# Bank received Rs.200 an interest on debentures on behalf of D.K.

# 31. From the following prepares a BRS showing the balance appearing in the pass book of Mr. Harsh as on 31.12.96:

# The overdraft as per cash book on 31.12.96 was Rs.3,170

# Cheques issued but not cashed yet amounted to Rs.584.

# Cheques paid into bank but not cleared were Rs.1,085

# Bank charges for the above period also debited in the pass book amounted to Rs.15

# Interest on overdraft for six months ending 31.12.96 Rs.80 is debited in the pass book

# Interest on investments collected and credited by the bank Rs.600