

CHAPTER – 5

BANK RECONCILIATION STATEMENT

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Question 1: State the need for the preparation of bank reconciliation statement?

ANSWER:

The need to prepare Bank Reconciliation Statement are given below.

1. It helps in finding out the errors and omissions committed in the Cash Book and the Pass Book.
2. It shows uncleared cheques, which have already been debited in the Cash Book but have **not** been yet recorded in the Pass Book.
3. It helps in checking embezzlement of money from the bank account.
4. It helps in measuring the accuracy of the transactions recorded in the Cash Book.
5. It facilitates in preparing revised Cash Book that reflects true bank balance.

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Question 2: What is a bank overdraft?

ANSWER:

Bank overdraft is a liability to an account holder. When the account holder withdraws excess amount over his/her available bank balance, he/she runs a negative bank balance. The negative bank balance is an obligation to the account holder and is called bank overdraft. In other words, bank overdraft is the excess of withdrawal over deposits.

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Question 3: Briefly explain the statement ‘wrongly debited by the bank’ with the help of an example.

ANSWER:

Amount wrongly debited by the bank implies a situation when the bank wrongly debits a Pass Book. The following are the common mistakes that occur in the Pass Book when bank wrongly debits the Pass Book.

1. Mistake occurs when any two account holders’ names are identical. For example, a cheque of Rs 2,000 issued by Mr. Prem Singh was wrongly paid through Mr. Prem Kumar’s account.
2. Mistake occurs in case a person has more than one account in a bank. For example, a cheque of Rs 1,000 issued from his Current Account was wrongly paid through his Savings Account.
3. Sometimes amounts of cheques are wrongly recorded. For example, payment of Rs 2,000 through cheque was wrongly debited in the Pass Book as Rs 20,000.

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Question 4: State the causes of difference occurred due to time lag.

ANSWER:

The causes of difference that occur due to time lag are given below.

1. When issued cheques are not presented for payment in the period for which Bank Reconciliation Statement is being prepared, i.e., date of issue and the date of presenting the cheques are not same.

Cheques are credited in the Cash Book on the date that is mentioned on it, while in the Pass Book, cheques are debited when they are presented for the payment. Sometimes, the holder of a cheque does **not** present the

cheque for payment on date which is mentioned on Cheque. The time gap between the date of issue and the date of presenting cheque for payment in the bank may lead to difference between the Cash Book and the Pass Book balances.

2. When deposited cheques are not cleared in the period for which the Bank Reconciliation Statement is being prepared.

Usually, date of deposit of cheque and date of clearance are **not** same as the clearance of cheque takes time. The difference between the Cash Book and the Pass Book balances arise when a cheque is deposited at the end of a period for which the Bank Reconciliation Statement is prepared and the cheque gets clearance in the subsequent period.

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Question 5: Briefly explain the term favourable balance as per cash book

ANSWER:

Favourable balance (Debit Balance), as per the Cash Book, is an asset to an account holder. It is also known as debit balance as per the Cash Book. Favourable balance is the excess of total of debit side over total of credit side of a bank column of a Cash Book. In other words, favourable balance means excess of deposits over withdrawals.

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Question 6: Enumerate the steps to ascertain the correct cash book balance.

ANSWER:

Generally, differences between the Cash Book and the Pass Book arise due to the reason that items have **not** been recorded in the Cash Book. In

order to ascertain the correct Cash Book balance, we need to prepare Corrected (Adjusted) Cash Book. The below given steps are involved in the preparation of Corrected (Adjusted) Cash Book.

Step 1: Note down the bank balance as per the Cash Book.

Step 2: Rectify all the errors committed in the Cash Book.

Step 3: Enter those transactions in the debit of the Cash Book, which are only in the credit of the Pass Book.

Step 4: Enter those transactions in the credit of the Cash Book that are only in the debit of the Pass Book.

Step 5: The Cash Book is totalled and balancing figure is calculated. This balancing figure is use for preparing BRS.

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Question 1: What is a bank reconciliation statement? Why is it prepared?

ANSWER:

Bank Reconciliation Statement is a statement prepared for determining causes of differences and reconciling bank balance (as per the Cash Book) with the balance as per the Pass Book or vice versa.

In day to day affairs, an individual or organisation makes numerous transactions through bank. Along with the copy of bank statement (i.e., the Pass Book), an individual or organisation needs to maintain a separate book (Cash Book) for recording the banking transactions. When large number of transactions is made through bank, the balance of the Cash Book may differ from the balance of the Pass Book.

There can be many reasons of differences between the Cash Book and the Pass Book, such as below given ones.

1. Deposit of cheque was recorded in the Cash Book at the time of deposit; however, was collected later or **not** collected by the bank.
2. Cheque issued was recorded in the Cash Book; however, was **not** recorded in the Pass Book in the month of issue. It was entered in the Pass Book in the next month when it was presented for payment in the bank.
3. Interest allowed by the bank is added in the pass book but **not** in the Cash Book.

Bank Reconciliation Statement (BRS) is prepared when the bank balance of the Cash Book is **not** equal to the balance shown by the Pass Book on the same date (when BRS is being prepared). In order to match the two respective balances, errors and omissions are to be located and rectified, which is the main rationale behind preparing the Bank Reconciliation Statement.

Specimen of Bank Reconciliation Statement

Particulars	Amount Rs (Add)	Amount Rs (Less)
Balance as per the Cash Book	—	
Cheque issued but not presented	—	
Cheque deposited but not collected		—
Balance as per the Pass Book		

The need for preparation of Bank Reconciliation Statement is explained below.

1. It helps in finding out the errors and omissions committed in the Cash Book and in the Pass Book.
2. It shows uncleared cheques that have already been debited in the Cash Book but have **not** yet been recorded in the Pass Book.
3. It helps in checking embezzlement of money from the bank account.
4. It helps in measuring the accuracy of transactions recorded in the Cash Book.
5. It facilitates in preparing revised cash book that reflects a true bank balance.

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Question 2: Explain the reasons where the balance shown by the bank passbook does not agree with the balance as shown by the bank column of the cash book.

ANSWER:

Below given are the reasons on account of which the balance shown by the bank Pass Book does **not** agree with the balance shown by the bank column of the Cash Book.

1. **Differences due to time lag:** In the following situations, differences may arise, if the date of recording transactions in the bank column of the Cash Book is **not** same to that of in the Pass Book.
2. **Cheques issued by the firm but presented after the date that is mentioned on the cheque or still not presented in the bank:** Usually, issue of a cheque is recorded in the bank column of the Cash Book on the date that is mentioned (mentioned date) on the cheque. Sometimes, the holder of the cheque does **not** present the cheque on the date which is mentioned on it. This may lead to differences in the balance between the Pass Book and the bank balance of the Cash Book.

3. **Deposit of cheque recorded in the Cash Book at the time of deposit but collected later or not collected by the bank:** Deposit of a cheque is recorded in the bank column of the Cash Book on the date when it is deposited in the bank for payment but bank records it in the Pass Book on the date of clearance. Usually, date of deposit and date of clearance are **not** the same. This difference in the two respective dates leads to a mismatch between the Pass Book and the bank balance of the Cash Book.
4. **Transactions recorded only in the Pass Book:** Transactions, like interest allowed by bank on the deposits, bank charges, etc., are recorded first in the Pass Book. After getting intimation from the bank, these are recorded in the bank column of the Cash Book. However, sometimes, due to delay in intimation of these transactions to the customers, the Cash Book remains **not** updated, which leads to the difference between the Pass Book and the bank balance of the Cash Book.

Below given are the examples that lead to such differences.

1. **The transactions that reduce balance of the Pass Book and are recorded only in the Pass Book and not in the Cash Book** are given below.
 - i. Bank charges, charged by the bank but **not** recorded in the Cash Book
 - ii. Dishonour of a bill discounted by the bank
 - iii. Interest charged by the bank on overdraft
 - iv. Direct payment made by the bank as per the instructions of the account holder
2. **The transactions that increase the balance of the Pass Book and are recorded only in the Pass Book and not in the Cash Book** are given below.

- i. When intimation regarding interests and dividend collected by the bank is **not** given to the accountholder
- ii. Amount deposited by any customer directly into the bank
- iii. Interest credited (allowed) by the bank

3. Errors and omissions

Any error or omission committed in the Pass Book, such as double recording of a deposited cheque, wrong posting of amounts, current account cheque wrongly paid through saving account, etc., result in the difference of the balance between the Pass Book and the bank balance of the Cash Book.

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Question 3: Explain the process of preparing bank reconciliation statement with amended cash balance.

ANSWER:

Bank Reconciliation Statement can be prepared with the adjusted/amended bank column of the Cash Book by the below given steps.

Step 1: Note down the bank balance as per the Cash Book.

Step 2: Rectify all the errors committed in the Cash Book.

Step 3: Enter those transactions in the debit column of the Cash Book that are only in the credit column of the Pass Book.

Step 4: Enter those transactions in the credit column of the Cash Book that are only in the debit column of the Pass Book.

Step 5: After completing the above steps, the balance or the overdraft, as per amended Cash Book, arrives, with which Bank Reconciliation Statement can be prepared.

The perform of Bank Reconciliation Statement through amended balance is given below.

Bank Reconciliation Statement, as on _____		
Particulars	Amount Rs (Add)	Amount Rs (Less)
Adjusted balance as per the amended the Cash Book	—	
Add: Cheque issued but not presented.	—	
Less: Cheque deposited but not credit	—	—
Balance as per the Pass Book		

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Question 1: From the following particulars, prepare a, bank reconciliation statement as at March 31, 2017.

- (i) Balance as per cash book Rs 3,200
- (ii) Cheque issued but not presented for payment Rs 1,800
- (iii) Cheque deposited but not collected upto March 31, 2017 Rs 2,000
- (iv) Bank charges debited by bank Rs 150

ANSWER:

Bank Reconciliation Statement, as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Cash Book	3,200	
(i)	Cheque issued but not presented for payment	1,800	
(ii)	Cheque deposited but not cleared		2,000
(iii)	Bank charges		150
	Balance as per the Pass Book		2,850
		5,000	5,000

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Question 2: On March 31 2017 the cash book showed a balance of Rs 3,700 as cash at bank, but the bank passbook made up to same date showed that cheques for Rs 700, Rs 300 and Rs 180 respectively had not presented for payment, Also, cheque amounting to Rs 1,200 deposited into the account had not been credited. Prepare a bank reconciliation statement.

ANSWER:

Bank Reconciliation Statement, as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Cash Book	3,700	
(i)	Three cheques issued but not presented for payment	1,180	
(ii)	Cheque deposited but not cleared		1,200
	Balance as per the Pass Book		3,680
		4,880	4,880

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Question 3: The cash book shows a bank balance of Rs 7,800. On comparing the cash book with passbook the following discrepancies were noted:

- (a) Cheque deposited in bank but not credited Rs 3,000
- (b) Cheque issued but not yet present for payment Rs 1,500
- (c) Insurance premium paid by the bank Rs 2,000
- (d) Bank interest credit by the bank Rs 400
- (e) Bank charges Rs 100
- (d) Directly deposited by a customer Rs 4,000

ANSWER:

Bank Reconciliation Statement

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Cash Book	7,800	
(a)	Cheque deposited but not credited in the Pass Book		3,000
(b)	Cheque issued but not yet presented for payment	1,500	
(c)	Insurance premium paid by bank		2,000
(d)	Bank allowed interest	400	
(e)	Bank debited charges		100
(f)	Amount directly deposited by customer	4,000	
	Balance as per the Pass Book		8,600
		13,700	13,700

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Question 4: Bank balance of Rs 40,000 showed by the cash book of Atul on December 31, 2016. It was found that three cheques of Rs 2,000, Rs 5,000 and Rs 8,000 deposited during the month of December were not

credited in the passbook till January 02, 2017. Two cheques of Rs 7,000 and Rs 8,000 issued on December 28, were not presented for payment till January 03, 2017. In addition to it bank had credited Atul for Rs 325 as interest and had debited him with Rs 50 as bank charges for which there were no corresponding entries in the cash book.

Prepare a bank reconciliation statement as on December 31, 2016.

ANSWER:

Bank Reconciliation Statement of Atul as on December 31, 2016

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Cash Book	40,000	
(i)	Cheques deposited but not cleared in December		15,000
(ii)	Cheque issued but presented for payment for payment	15,000	
(iii)	Bank allowed interest	325	
(iv)	Bank debited charges		50
	Balance as per the Pass Book		40,275
		55,325	55,325

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Question 5: On comparing the cash book with passbook of Naman it is found that on March 31, 2017, bank balance of Rs 40,960 showed by the cash book differs from the bank balance with regard to the following:

- (a) Bank charges Rs 100 on March 31, 2017, are not entered in the cash book.
- (b) On March 21, 2017, a debtor paid Rs 2,000 into the company's bank in settlement of his account, but no entry was made in the cash book of the company in respect of this.

- (c) Cheques totaling Rs 12,980 were issued by the company and duly recorded in the cash book before March 31, 2017, but had not been presented at the bank for payment until after that date.
- (d) A bill for Rs 6,900 discounted with the bank is entered in the cash book with recording the discount charge of Rs 800.
- (e) Rs 3,520 is entered in the cash book as paid into bank on March 31st, 2017, but not credited by the bank until the following day.
- (f) No entry has been made in the cash book to record the dishonour or on March 15, 2017 of a cheque for Rs 650 received from Bhanu.

Prepare a reconciliation statement as on March 31, 2017.

ANSWER:

Bank Reconciliation Statement of Naman as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Cash Book	40,960	
(a)	Bank debited charges		100

(b)	Amount directly paid by debtor into bank account	2,000	
(c)	Cheques issued but not presented for payment	12,980	
(d)	Discount charges of bill was omitted to be recorded in the Cash Book		800
(e)	Amount debited in bank column of the Cash Book but not deposited in bank		3,520
(f)	Cheque dishonoured not recorded in the Cash Book		650
	Balance as per the Pass Book		50,870
		55,940	55,940

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Question 6: Prepare bank reconciliation statement as on December 31, 2017. On this day the passbook of Mr. Himanshu showed a balance of Rs 7,000.

- (a) Cheques of Rs 1,000 directly deposited by a customer.
- (b) The bank has credited Mr. Himanshu for Rs 700 as interest.
- (c) Cheques for Rs 3,000 were issued during the month of December but of these cheques for Rs 1,000 were not presented during the month of December.

ANSWER:

Bank Reconciliation Statement of Mr. Himanshu as on December 31, 2017

S. No.	Particulars	(+) Amount	(-) Amount

		Rs	Rs
	Balance as per the Pass Book	7,000	
(a)	Cheques directly deposited by a customer		1,000
(b)	Bank allowed interest		700
(c)	Cheques issued but not presented for payment in December		1,000
	Balance as per the Cash Book		4,300
		7,000	7,000

Note: As per the NCERT book the answer is Rs 3,300. However, the correct answer is Rs 4,300.

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Question 7: From the following particulars prepare a bank reconciliation statement showing the balance as per cash book on December 31, 2016.

- Two cheques of Rs 2,000 and Rs 5,000 were paid into bank in October, 2016 but were not credited by the bank in the month of December.
- A cheque of Rs 800 which was received from a customer was entered in the bank column of the cash book in December 2016 but was omitted to be banked in December, 2016.
- Cheques for Rs 10,000 were issued into bank in November 2016 but not credited by the bank on December 31, 2016.
- Interest on investment Rs 1,000 collected by bank appeared in the passbook.

Balance as per Passbook was Rs 50,000

ANSWER:

Bank Reconciliation Statement as on December 31, 2016

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Pass Book	50,000	
(a)	Cheques deposited but not cleared till 31 December	7,000	
(b)	Cheque debited in the Cash Book but not deposited in the bank	800	
(c)	Cheque issued but not presented (not debited in the Pass Book)		10,000
(d)	Interest on investment collected by bank		1,000
	Balance as per the Cash Book		46,800
		57,800	57,800

Note:

(1) In question No. 7 there is a mistake in statement (c). In place of ‘credited’ it should be ‘debited’.

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Question 8: Balance as per passbook of Mr. Kumar is 3,000.

(a) Cheque paid into bank but not yet cleared

Ram Kumar Rs 1,000

Kishore Kumar Rs 500

(b) Bank Charges Rs 300

(c) Cheque issued but not presented

Hameed Rs 2,000

Kapoor Rs 500

- (d) Interest entered in the passbook but not entered in the cash book Rs 100

Prepare a bank reconciliation statement.

ANSWER:

Bank Reconciliation Statement of Mr. Kumar

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per the Pass Book	3,000	
(a)	Cheques deposited but not yet cleared.	1,500	
(b)	Bank debited charges	300	
(c)	Cheques issued but not presented for payment		2,500
(d)	Bank allowed interest but not entered in the Cash Book		100
	Balance as per the Cash Book		2,200
		4,800	4,800

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Question 9: The passbook of Mr. Mohit current account showed a credit Balance of Rs 20,000 on dated December 31, 2016. Prepare a Bank Reconciliation Statement with the following information.

- (i) A cheque of Rs 400 drawn on his saving account has been shown on current account.
- (ii) He issued two cheques of Rs 300 and Rs 500 on of December 25, but only the 1st cheque was presented for payment.

- (iii) One cheque issued by Mr. Mohit of Rs 500 on December 25, but it was not presented for payment whereas it was recorded twice in the cash book.

ANSWER:

**Bank Reconciliation Statement of Mr. Mohit's Current Account, as
on December 31, 2016**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Balance as per pass book	20,000	
(i)	Cheque issued from saving account wrongly debited in the current account of the pass book	400	
(ii)	Cheque issued but not presented for payment		500
(iii)	Cheque issued but not presented for payment and twice credited in cash book		1,000
	Balance as per cash book		18,900
		20,400	20,400

Note: In the question item (i), it is not given whether it is the current account of Pass Book or the current account of Cash Book. In the solution, we have assumed that it is the current account of the Pass Book.

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Question 10: On 1st January 2017, Rakesh had an overdraft of Rs 8,000 as showed by his cash book. Cheques amounting to Rs 2,000 had been paid in by him but were not collected by the bank by January 01, 2017. He issued cheques of Rs 800 which were not presented to the bank for

payment up to that day. There was a debit in his passbook of Rs 60 for interest and Rs 100 for bank charges. Prepare bank reconciliation statement for comparing both the balance.

ANSWER:

Bank Reconciliation Statement of Rakesh as on January 01, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Cash Book		8,000
(i)	Cheques deposited but not yet cleared		2,000
(ii)	Cheques issued but not presented for payment	800	
(iii)	Interest on overdraft debited by bank		60
(iv)	Bank debited charges		100
	Overdraft as per the Pass Book	9,360	
		10,160	10,160

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Question 11: Prepare bank reconciliation statement.

- (i) Overdraft shown as per cash book on December 31, 2017 Rs 10,000.
- (ii) Bank charges for the above period also debited in the passbook Rs 100.
- (iii) Interest on overdraft for six months ending December 31, 2017 Rs 380 debited in the passbook.
- (iv) Cheques issued but not incashed prior to December 31, 2017 amounted to Rs 2,150.
- (v) Interest on Investment collected by the bank and credited in the passbook Rs 600.

- (vi) Cheques paid into bank but not cleared before December, 31 2017 were Rs 1,100.

ANSWER:

Bank Reconciliation Statement as on December 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Cash Book		10,000
(i)	Bank debited charges		100
(ii)	Interest charged by bank on overdraft		380
(iii)	Cheques issued but not presented for payment	2,150	
(iv)	Interest on investment credited in the Pass Book but not entered in the Cash Book	600	
(v)	Cheques deposited but cleared		1,100
	Overdraft as per the Pass Book	8,830	
		11,580	11,580

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Question 12: Kumar find that the bank balance shown by his cash book on December 31, 2017 is Rs 90,600 (Credit) but the passbook shows a difference due to the following reason:

A cheque (postdated) for Rs 1,000 has been debited in the bank column of the cash book but not presented for payment. Also, a cheque for Rs 8,000 drawn in favour of Manohar has not yet been presented for payment. Cheques totaling Rs 1,500 deposited in the bank have not yet been collected and cheque for Rs 5,000 has been dishonoured.

ANSWER:

Bank Reconciliation Statement of Kumar as on December 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Cash Book		90,600
(i)	Cheque debited in the Cash Book but not deposited in the bank		1,000
(ii)	Cheque issued but not presented for payment	8,000	
(iii)	Cheque deposited but not yet cleared		1,500
(iv)	Cheque dishonoured		5,000
	Overdraft as per the Pass Book	90,100	
		98,100	98,100

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Question 13: On December 31, 2017, the cash book of Mittal Bros. Showed an overdraft of Rs 6,920. From the following particulars prepare a Bank Reconciliation Statement and ascertain the balance as per passbook.

- (1) Debited by bank for Rs 200 on account of Interest on overdraft and Rs 50 on account of charges for collecting bills.
- (2) Cheques drawn but not encased before December, 31 2017 for Rs 4,000.
- (3) The bank has collected interest and has credited Rs 600 in passbook.
- (4) A bill receivable for Rs 700 previously discounted with the bank had been dishonoured and debited in the passbook.

- (5) Cheques paid into bank but not collected and credited before December 31, 2017 amounted Rs 6,000.

ANSWER:

Bank Reconciliation Statement of Mittal Bros. as on December 31, 2017

S. No.	Particulars	(+) Amount (₹)	(-) Amount (₹)
1	Overdraft as per the Cash Book		6,920
	Bank debited interest on overdraft		200
	Bank debited charges for collecting bills		50
2	Cheque issued but not presented for payment	4,000	
3	Bank collected interest	600	
4	Bill Receivable dishonoured		700
5	Cheque deposited but not cleared in December		6,000
	Overdraft as per the Pass Book	9,270	
		13,870	13,870

Note: The answer in the book has been given as ₹9,170 however, the correct answer will be ₹9,270.

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Question 14: Prepare bank reconciliation statement of Shri Bhandari as on March 31, 2017

- (i) The Payment of a cheque for Rs 550 was recorded twice in the passbook.
- (ii) Withdrawal column of the passbook under cast by Rs 200

- (iii) A Cheque of Rs 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.
- (iv) A Cheque of Rs 300 debited to Bank column of the cash book was not sent to the bank.
- (v) Rs 500 in respect of dishonoured cheque were entered in the passbook but not in the cash book. Overdraft as per passbook is Rs 20,000.

ANSWER:

Bank Reconciliation Statement of Shri Bhandari as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Pass Book		20,000
(i)	Payment of cheque twice debited in the Pass Book	550	
(ii)	Withdrawal column of the Pass Book undercast		200
(iii)	Cheque debited in the Cash Book but not deposited in the bank	200	
(iv)	Cheque added in the Cash Book but not deposited in the bank	300	
(v)	Cheque dishonoured	500	
	Overdraft as per the Cash Book	18,650	
		20,200	20,200

Note:

(1) The answer given in the book is Rs 21,350; however, it should be Rs 18,650.

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Question 15: Overdraft shown by the passbook of Mr. Murli is Rs 20,000. Prepare bank reconciliation statement on dated March 31, 2017.

- (i) Bank charges debited as per passbook Rs 500.
- (ii) Cheques recorded in the cash book but not sent to the bank for collection Rs 2,500.
- (iii) Received a payment directly from customer Rs 4,600.
- (iv) Cheque issued but not presented for payment Rs 6,980.
- (v) Interest credited by the bank Rs 100.
- (vi) LIC paid by bank Rs 2,500.
- (vii) Cheques deposited with the bank but not collected Rs 3,500.

ANSWER:

Bank Reconciliation Statement of Mr. Murli as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Pass Book		20,000
(i)	Bank charges debited in the Pass Book	500	
(ii)	Cheque recorded in the Cash Book but not banked	2,500	
(iii)	Amount directly paid by customer in the bank		4,600
(iv)	Cheque issued but not presented for payment		6,980
(v)	Interest allowed by bank		100
(vi)	LIC (insurance premium) paid by bank	2,500	
(vii)	Cheques deposited but not cleared	3,500	
	Overdraft as per the Cash Book	22,680	
		31,680	31,680

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Question 16: Raghav & Co. have two bank accounts. Account No. I and Account No. II. From the following particulars relating to Account No. I, find out the balance on that account of March 31, 2017 according to the cash book of the firm.

- (i) Cheques paid into bank prior to March 31, 2017, but not credited for Rs 10,000.
- (ii) Transfer of funds from account No. II to account no. I recorded by the bank on March 31, 2017 but entered in the cash book after that date for Rs 8,000.
- (iii) Cheques issued prior to March 31, 2017 but not presented until after that date for Rs 7,429.
- (iv) Bank charges debited by bank not entered in the cash book for Rs 200.
- (v) Interest Debited by the bank not entered in the cash book Rs 580.
- (vi) Overdraft as per Passbook Rs 18,990.

ANSWER:

**Bank Reconciliation Statement of Mr. Raghav and Co. Account No. I
as on March 31, 2017**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Pass Book		18,990
(i)	Cheque deposited but not cleared prior to 31 Dec. 2013	10,000	
(ii)	Amount transferred Account II to Account I recorded in the Pass Book but not entered in the Cash Book		8,000
(iii)	Cheque issued but not presented for payment		7,429
(iv)	Bank debited charges	200	
(v)	Interest on overdraft not credited in the Cash Book	580	
	Overdraft as per the Cash Book	23,639	
		34,419	34,419

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Question 17: Prepare a bank reconciliation statement from the following particulars and show the balance as per cash book.

- (i) Balance as per passbook on March 31, 2017 overdrawn Rs 20,000.
- (ii) Interest on bank overdraft not entered in the cash book Rs 2,000.

- (iii) Rs 200 insurance premium paid by bank has not been entered in the cash book.
- (iv) Cheques drawn in the last week of March, 2017, but not cleared till date for Rs 3,000 and Rs 3,500.
- (v) Cheques deposited into bank on February 2017, but yet to be credited on dated March 31, 2017 Rs 6,000.
- (vii) Wrongly debited by bank Rs 500.

ANSWER:

Bank Reconciliation Statement as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Pass Book		20,000
(i)	Interest on overdraft not credited in the Cash Book	2,000	
(ii)	Insurance premium paid by bank not entered in the Cash Book	200	
(iii)	Cheques issued but not presented for payment		6,500
(iv)	Cheques deposited but not cleared	6,000	
(v)	Amount wrongly debited by bank	500	
	Overdraft as per the Cash Book	17,800	
		26,500	26,500

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Question 18: The passbook of Mr. Randhir showed an overdraft of Rs 40,950 on March 31, 2017. Prepare bank reconciliation statement on March 31, 2017.

- (i) Out of cheques amounting to Rs 8,000 drawn by Mr. Randhir on March 27, a cheque for Rs 3,000 was encashed on April 2017.

- (ii) Credited by bank with Rs 3,800 for interest collected by them, but the amount is not entered in the cash book.
- (iii) Rs 10,900 paid in by Mr. Randhir in cash and by cheques on March, 31 cheques amounting to Rs 3,800 were collected on April, 07.
- (iv) A Cheque of Rs 780 credited in the passbook on March 28 being dishonoured is debited again in the passbook on April 01, 2017. There was no entry in the cash book about the dishonour of the cheque until April 15

ANSWER:

Bank Reconciliation Statement of Mr Randhir as on March 31, 2017

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	Overdraft as per the Pass Book		40,950
(i)	Cheque issued but not presented for payment in March		3,000
(ii)	Interest collected by bank not entered in the Cash Book		3,800
(iii)	Cheque deposited but not yet cleared in March	3,800	
(iv)	Cheque dishonoured in April	780	
	Overdraft as per the Cash Book	43,170	
		47,750	47,750

Note: The answer given in NCERT is Rs 36,350, which should be Rs 43,170.