

Maharashtra State Board Bookkeeping and Accountancy 11th

Solutions Chapter 6 Bank Reconciliation Statement

1. Answer in one sentence.

Question 1.

Who prepares a bank Pass Book?

Answer:

The Bank passbook is prepared by the bank.

Question 2.

What is a pay-in-slip?

Answer:

Pay-in-slip is the slip that is filled when the bank account holder deposits a cheque or cash into his bank account.

Question 3.

What is a bank overdraft?

Answer:

The amount withdrawn by the account holder from his current account in excess of the balance standing in that account up to, specified limit is known as bank overdraft.

Question 4.

What is a withdrawal slip?

Answer:

It is a document/form, which is used by the savings account holder for withdrawing cash from his bank account.

Question 5.

Who sends the bank statement?

Answer:

A bank statement is sent by the Bank manager to the account holder informing about debit or credit given by the bank.

Question 6.

What does a debit balance in Cash Book represent?

Answer:

The debit balance of the cash Book indicates a positive Bank balance as per Cash Book.

Question 7.

Who prepares the Bank Reconciliation Statement?

Answer:

A Businessman, trader, or accountant prepares Bank Reconciliation Statement at the end of every month.

Question 8.

What does the debit balance in Pass Book represent?

Answer:

The debit balance of Passbook represents Overdraft as per passbook.

Question 9.

On which side is interest on bank deposit recorded in Pass Book?

Answer:

Interest on bank deposits is recorded on the credit side of the passbook.

Question 10.

Why is Bank Reconciliation Statement prepared?

Answer:

A bank reconciliation statement is prepared to disclose the causes of the difference between the balances shown by the cash book and passbook.

2. Give one word/term/phrase which can substitute each of the following statements:

Question 1.

The account on which overdraft facility is allowed by the bank.

Answer:

Current Account

Question 2.

Extract of ledger account of the account holder in the books of the bank.

Answer:

Pass Book

Question 3.

Alphanumeric code that facilitates electronic funds transfer in India.

Answer:

IFSC (Indian Financial System Code)

Question 4.

Statement showing the causes of disagreement between the balance of Cash Book and Pass Book.

Answer:

Bank Reconciliation Statement

Question 5.

Debit balance in Pass Book.

Answer:

Overdraft as per Pass Book

Question 6.

A form which is filled for depositing cash or cheque into bank.

Answer:

Pay-in-slip

Question 7.

The left-hand side of Pay-in-slip.

Answer:

Counterfoil

Question 8.

Credit balance in Cash Book.

Answer:

Overdraft as per Cash Book

Question 9.

A book maintained by traders to record banking transactions.

Answer:

Cash Book

Question 10.

Excess of bank deposits over withdrawals by a businessman in bank current account.

Answer:

Bank Balance (favourable balance)

3. Do you agree or disagree with the following statements:

Question 1.

The bank column of Cash Book represents the bank account.

Answer:

Agree

Question 2.

A bank statement enables the account holder to prepare Bank Reconciliation Statement.

Answer:

Agree

Question 3.

Cheques issued for payment but not presented to bank appear in Cash Book only.

Answer:

Agree

Question 4.

Bank Reconciliation Statement is prepared only during the year-end.

Answer:

Disagree

Question 5.

Bank Reconciliation Statement is similar to the bank statement.

Answer:

Disagree

Question 6.

Bank balance as per Cash Book is always equal to bank balance as per Pass Book.

Answer:

Disagree

Question 7.

Bank advice is sent by the businessman to the bank.

Answer:

Disagree

Question 8.

Pay-in-slip is used for depositing cheques into banks.

Answer:

Agree

Question 9.

The difference in Cash Book Balance and Pass Book balance may arise due to errors committed while recording.

Answer:

Agree

Question 10.

Payment and receipt of cash through internet banking generate an automatic proof.

Answer:

Agree

4. Select the most appropriate alternative from those given and rewrite the following statements:

Question 1.

Overdraft means _____ balance of Cash Book.

- (a) closing
- (b) debit
- (c) opening
- (d) credit

Answer:

(d) credit

Question 2.

When a cheque is deposited and collected by bank Pass Book is _____

- (a) dishonoured
- (b) debited
- (c) credited
- (d) written

Answer:

(c) credited

Question 3.

A _____ is a summary of financial transactions that take place over a period of time on a bank account.

- (a) withdrawal slip
- (b) bank advice
- (c) bank statement
- (d) Pay-in-slip

Answer:

(c) bank statement

Question 4.

Debiting an entry in Cash Book _____ cash balance.

- (a) increases
- (b) decreases
- (c) nullifies
- (d) none of the above

Answer:

(a) increases

Question 5.

Bank Reconciliation Statement is prepared by _____

(a) student

(b) businessman

(c) bank

(d) none of the above

Answer:

(b) businessman

Question 6.

Bank balance as per Pass Book means _____ balance of Pass Book.

(a) credit

(b) opening

(c) debit

(d) closing

Answer:

(a) credit

Question 7.

Bank gives overdraft facility to _____ account holder.

(a) savings

(b) recurring

(c) current

(d) fixed

Answer:

(c) current

Question 8.

Debit balance as per Cash Book is also known as _____ balance.

(a) favourable

(b) overdraft

(c) abnormal

(d) unfavourable

Answer:

(a) favourable

Question 9.

When extracts of Cash Book and Pass Book are given for uncommon periods, only _____ items are considered for preparation of Bank Reconciliation Statement.

(a) uncommon

(b) normal

(c) favourable

(d) common

Answer:

(d) common

Question 10.

When extract of Cash Book and Pass Book is given for common period, only _____ items are considered for preparation of Bank Reconciliation Statement.

(a) uncommon

(b) common

(c) favourable

(d) unfavourable

Answer:

(a) uncommon

5. Complete the following statements:

Question 1.

Payments credited in Cash Book are _____ in Pass Book.

Answer:

Debited

Question 2.

While preparing Bank Reconciliation Statement only _____ column of Cash Book is considered.

Answer:

Bank

Question 3.

Cheques issued to creditors appear first in _____ book.

Answer:

Cash

Question 4.

A statement showing the reasons for the difference in Cash Book Balance and Pass Book balance is known as _____

Answer:

Bank Reconciliation Statement

Question 5.

Overcast on receipt side of Pass Book means _____ in Pass Book balance.

Answer:

Increase

Question 6.

Online transfer made to our creditors appear on the _____ side of Cash Book.

Answer:

Payment/Credit

Question 7.

Interest on overdraft charged by bank is _____ in Pass Book.

Answer:

Debited

Question 8.

Normally the Cash Book shows debit balance and Pass Book shows _____ balance.

Answer:

Credit

Question 9.

The form filled for withdrawing cash from bank is known as _____

Answer:

Withdrawal Slip

Question 10.

A businessman can update his records on receiving _____

Answer:

Bank Advice

6. State whether the following statements are True or False with reasons:

Question 1.

Cheques deposited into the bank but not yet cleared appears in the Pass Book only.

Answer:

This statement is False.

Cheques deposited into the bank but not yet cleared appears in the cash book only. Bank records entry in the passbook only after the cheque is cleared. So there is no entry for this transaction in the Pass Book.

Question 2.

Direct deposit made by debtors into a businessman's bank account is recorded on the credit side of Pass Book.

Answer:

This statement is True.

The credit side of the passbook means deposits made in the bank account. When direct deposits are made by debtors into a businessman's bank account. It increases the bank balance and it is recorded on the credit side of Pass Book.

Question 3.

A businessman can prepare a Bank Reconciliation statement only with Cash Book Balance.

Answer:

This statement is False.

The businessman can prepare a Bank Reconciliation statement with the help of a cash book, bank column, and passbook. It is a comparison between the two to correct the differences. Both i.e. cash book and pass book/Bank statement are required to prepare a Bank Reconciliation statement.

Question 4.

When overdraft as per Cash Book is given, bank charges debited in Pass Book only are to be added.

Answer:

This statement is True.

Bank overdraft as per cash book means negative bank balance. The businessman has to pay the Bank. Bank charges are expenses for the business and this increases the amount payable to the bank so bank charges debited in the passbook only are to be added in the cash book.

Question 5.

Bank Statement is sent by Bank to the businessman.

Answer:

This statement is True.

A bank statement is a statement issued by the bank to the current account holder informing about the bank transactions during a particular period of time. Generally, it is issued every i.e. month. It gives details information about bank deposits and withdrawals etc.

7. Draft the following specimen with imaginary Name, Account Number, Amount.

Question 1.

Bank Statement

Answer:

Specimen of Bank Statement is given below:

The Bank of Maharashtra (Name of the bank) Bank Branch Address: Lower Parel Branch, Mumbai -13 Current A/c No. 428242 Name of Current A/c holder: Dr. Ashok Madhav Narkar 504/c, Siddhivinayak Annex, S.J. Road, Lower Parel (Address of Current A/c holder) Date _____ Page ____					
Instrumentwise Statement of Account From _____ to _____					
Date	Description	Instrument No. Ch. No.	Withdrawal Amount (₹)	Deposit Amount (₹)	Closing Balance (₹)
2019 July 1	Balance b/f				42,400
4	NEFT LIC of INDIA			5,275	47,625
7	INWD. CLG 360239 BEST	100032	1,250		46,425
10	Cash self	100033	5,000		41,425
11	Interest			220	41,654
14	Archana Tawde	100034	6,000		35,645
	Page Total c/f.		12,250	5,495	

Question 2.

Pay-in-slip

Answer:

(a) Specimen of pay-in-slip is given below: Front side

Union Bank of India (Name of the bank) Prabhadevi (Address) Date 7/07/18 Paid into the credit of Saving Bank Account No. 2885 Name in full Kishor A. Rane ₹ (in words) Fifteen thousand Only by Cash/ Cheque ₹ 15,000/- Cashier	Ledger Folio _____ Account No. 2885 Union Bank of India (Name of the bank) 24/c. Amol Height, Parbhadevi (Address) Branch Prabhadevi Date: 7/07/18 Paid in the credit of Saving Bank Account of Name in full Kishor Anant Rane ₹ (in words) Fifteen Thousand on only by Cash/Cheque ₹ 15,000/- Cashier
Accountant	K.A.Rane Deposited by

(b) Reverse (Back-side) of Pay-in-slip:

No. of Notes (₹)	Cash	Drawee Bank	Cheque No.	Amt. (₹)	Drawee Bank	Cheque No.	Amt. (₹)
× 2000					Cash		15,000
30 × 500	15,000				30 × 500		
× 100							
× 50							
× 20							
× 10							
× 5							
× 2							
× 1							
Coins							
Total	15,000						

Question 3.

Withdrawal slip

Answer:

Specimen form of a withdrawal slip is given below:

SANGHMITRA BANK WITHDRAWAL SLIP			
Branch: Girgaon		Date: 17/07/2019	
Pay Self sum of Rupees <u>Nine Thousand only.</u>			
and debit to saving account no. 3245 of Mr. Rajesh Amit Naik			
₹ 9,000/-			
_____ Ledger Keeper	_____ Officer	_____ Folio	_____ R.A. Naik Signature of Account Holder
This form is not a CHEQUE. The account holder must present this withdrawal slip with the pass book to the bank for transaction.			

Question 4.

Bank Advice

Answer:

Specimen of bank advice is given below:

BANK ADVICE Central Bank of India (Name of the bank) Dadar BRANCH		
Folio 17/20		Date: 7/07/2019
DEBIT ADVICE / CREDIT ADVICE To Mr./ M/s Sachin M. Tendulkar	PLEASE NOTE THAT TODAY WE HAVE DEBITED YOUR ACCOUNT AS FOLLOWS	
Particulars of transactions	Debit (₹)	Credit (₹)
(1) Payment of Electricity bill for June 19	1,250	
(2) Payment of Rent to Landlord for June 19	950	
(3) Payment of LIC Premium for June 19	1,520	
Total	3,720	
(In Words) RUPEES <u>Three Thousand Seven Hundred Twenty only</u>		For The <u>Payment of expenses.</u>
_____ <i>Contra Ac.</i>	_____ <i>Prepared by:</i>	_____ <i>Officer / Accountant</i>
		_____ <i>Branch Manager</i>

Question 5.

Pass Book

Answer:

Specimen form of the Bank passbook is given below:

Bank Pass Book

Sr. No.	Date	Particulars	Cheque or Withdrawal Slip No.	Amount Withdrawn / Debited (₹)	Amount Deposited/ Credited (₹)	Balance Amount (₹)	Initial
1	1/07/2019	By Balance b/d				8,784	
2	4/07/2019	By Cash			30,000	38,784	
3	7/07/2019	To M.K. Ghare Jeweller's	74867	12,000	—	26,784	
4	10/07/2019	To ICICI Prudential life in	74868	10,000	—	16,784	
5	24/07/2019	To Cash Self	74869	5,000	—	11,784	

8. Correct and rewrite the following statements.

Question 1.

The form filled for depositing cash or cheque into the bank is known as Pass Book.

Answer:

The form filled for depositing cash or cheque into the bank is known as Pay in slip.

Question 2.

Bank Reconciliation Statement is prepared by Bank.

Answer:

Bank Reconciliation Statement is prepared by Businessman.

Question 3.

Debit balance as per Pass Book is known as favourable balance.

Answer:

Debit balance as per Pass Book is known as unfavorable balance.

Question 4.

When a cheque is deposited into Bank it is credited to Cashbook.

Answer:

When a cheque is deposited into Bank it is debited in Cash Book.

Question 5.

When extracts are given for the common period only common items are to be considered.

Answer:

When extracts are given for the common period only uncommon items are to be considered.

9. Complete the following table.

Question 1.

Reasons	When Normal balance as per Cash Book is given Add/Less	When Normal balance as per Pass Book is given Add/Less
1) Interest debited in Pass Book only.		
2) Direct deposit made by customer in bank recorded in Pass Book	(+)	
3) Cheque deposited into bank but not yet collected by bank		
4) Cheque deposited into bank is dishonoured		(+)
5) Cheque issued but not presented for payment.		(-)

Answer:

	Reasons	When Normal balance as per Cash Book is given Add / Less	When Normal balance as per Pass Book is given Add / Less
(1)	Interest debited in Pass Book only.	(-)	(+)
(2)	Direct deposit made by customer in bank recorded in Pass Book.	(+)	(-)
(3)	Cheque deposited into bank but not yet collected by bank	(-)	(+)
(4)	Cheque deposited into bank is dishonoured	(-)	(+)
(5)	Cheque issued but not presented for payment.	(+)	(-)

Practical Problems

Question 1.

Following is the extract of the Cash Book (Bank Column only) and passbook. Prepare Bank Reconciliation Statement as of 31st Oct. 2018.
In the books of _____

Dr. Cash Book (Bank column only)			Cr.		
Date	Receipts	Amount (₹)	Date	Payments	Amount (₹)
2018 Oct			2018 Oct		
01	To Balance b/d	10,000	07	By Tejas	12,000
05	To Aparna	5,000	10	By Anil	3,000
08	To Apoorva	6,000	15	By Bank charges	200
12	To Omkar	3,000	17	By Advertisement	2,000
20	To Sunil	4,000	20	By Drawings	1,000
			31	By Balance c/d	9,800
		28,000			28,000

In the books of Bank

Dr. Pass Book			Cr.		
Date	Payments	Amount (₹)	Date	Receipts	Amount (₹)
2018 Oct.			2018 Oct.		
07	To Interest	500	01	By Balance b/d	10,000
10	To Insurance premium	2,000	10	By Apoorva	6,000
13	To Anil	3,000	22	By Sunil	4,000
20	To Telephone bill	2,000	24	By Raju	2,000
20	To Drawings	1,000	27	By Swanand	3,000
31	To Balance c/d	16,500			
		25,000			25,000

Solution:

Bank Reconciliation Statement as of 31st October 2018.

Particulars	Amount (₹)	Amount (₹)
Bank balance as per Cash Book		9,800
Add : (1) Cheque issued but not presented for payment	12,000	
(2) Bank charges credited in the cash book but not debited in pass book	200	
(3) Cheque issued for payment of advertisement bill not yet cleared	2,000	
(4) Cheque of Raju deposited and cleared but not recorded in the cash book	2,000	
(5) Cheque of Swanand deposited and cleared but omitted to be recorded in cash book	3,000	
		19,200
Less : (1) Cheque of Aparna deposited but not collected by the bank	5,000	
(2) Cheque of Omkar deposited but not collected by the bank	3,000	
(3) Insurance premium paid by the bank but not yet credited in the cash book	2,000	
(4) Telephone bill paid and debited only in the pass book	2,000	
(5) Interest debited only in the pass book	500	
		12,500
Bank balance as per pass book		16,500

Working Notes:

When extract of Cashbook and passbook are given for the same period i.e. for the month of April 2018, we have to consider only uncommon entries for adding and deducting from Bank Reconciliation Statement. This is shown in the following working notes. In order to find out items to be added and items to be deducted in the Bank Reconciliation Statement, we have to prepare Cash Book and passbook on the basis of accounting information given in the problem:

Cash Book

2018 Oct. 1	To Balance b/d		2018 Oct. 7	Interest	500
24	Raju	9,800	10	Insurance Premium	2,000
27	Swanand	2,000	20	Telephone bill	2,000
	(+)	3,000		(-)	

Bank Pass Book

2018 Oct. 07	Tejas	12,000	2018 Oct. 05	Aparna	5,000
15	Bank Charges	200	12	Omkar	3,000
17	Advertisement	2,000		(-)	
	(+)				

Explanation:

1. First record the opening balance in the appropriate book i.e. either in Cashbook or passbook.
2. Bank balance of ₹ 9,800 as per Cashbook is recorded on the debit side of Cashbook in a box.
3. In this problem, the entries which are passed on the debit side of the Cashbook and passbook are to be added in the Bank Reconciliation Statement and the entries passed on the credit side of the Cashbook and passbook are to be deducted in the Bank Reconciliation Statement. This is because the opening balance appears on the debit side of the Cash Book.

Question 2.

From the following extract of Cash Book and Pass Book prepare Bank Reconciliation Statement as of 31st March 2019.

In the books of _____

Dr. Cash Book (Bank column only)			Cr.		
Date	Receipts	Amount (₹)	Date	Payments	Amount (₹)
2019 Mar.			2019 Mar.		
01	To Balance b/d	79,500	04	By Rent	36,000
04	To Avinash	18,000	06	By Mansi	20,100
09	To Dhananjay	25,500	12	By Nikhil	9,600
15	To Meenal	10,800	17	By Drawings	15,000
20	To cash	24,000	24	By Nishant	27,600
27	To Prasad	14,700	31	By Balance c/d	64,200
		1,72,500			1,72,500

In the books of Bank

Bank Pass Book

Date	Particulars	Withdrawals Dr. ₹	Deposits Cr. ₹	Balance ₹
2019 Apr.				
01	By Balance b/d			86,400
04	By Meenal		10,800	97,200
06	By Prasad		14,700	1,11,900
10	To Salary	24,000		87,900
13	To Nishant	27,600		60,300
18	By Bharat		11,400	71,700
23	To Keshav	6,600		65,100
27	To Mansi	20,100		45,000
30	By Sharvari		18,000	63,000

Solution:

Bank Reconciliation Statement as of 31st March 2019

Particulars	Amount (₹)	Amount (₹)
Bank balance as per Cash Book		64,200
Add : (1) Cheque issued to Mansi not presented for payment	20,100	
(2) Cheque issued to Nishant not presented for payment	27,600	47,700
Less : (1) Cheque received from Meenal deposited into the bank but not collected by the bank	10,800	1,11,900
(2) Cheque received from Prasad deposited into the bank but not collected by the bank	14,700	25,500
Bank balance as per pass book		86,400

Working Notes:

When extract of Cashbook and passbook are given for the same period i.e. for the month of April 2011, we have to consider only uncommon entries for adding and deducting from Bank Reconciliation Statement. This is shown in the following working notes.

In order to find out items to be added and items to be deducted in the Bank Reconciliation Statement, we have to prepare Cash Book and passbook on the basis of accounting information given in the problem:

Cash Book

To Balance b/d	64,200	(-)
(+)		

Bank Pass Book

To Mansi's A/c	20,100	By Minal's A/c	10,800
To Nishant A/c	27,600	By Prasad's A/c	14,700
(+)		(-)	

Question 3.

On 31st August 2018 bank passbook of Mr. Ravi showed a credit balance of ₹ 33,600, but Cash Book showed a different balance. On comparing the two books following differences were noticed:

1. Cheques paid into the bank but not credited before 31st Aug 2018 amounted to ₹ 24,500.
2. Direct deposit by the customer through NEFT ₹ 33,000 recorded in the passbook only.
3. Cheques issued on 28th Aug 2018 were presented for payment on 5th Sep. 2018 amounted to ₹ 38,800.
4. A bill receivable for ₹ 15,000 discounted with the bank was dishonored on 30th Aug 2018. Intimation of the same was received only on 3rd Sep 2018.
5. Passbook credit side was overcast ₹ 2,000.
6. Bank debited ₹ 400 for bank charges in the passbook, which was not recorded in Cash Book.

Prepare Bank Reconciliation Statement as of 31st August 2018.

Solution:

Bank Reconciliation Statement as of 31st August 2018.

Particulars	Amount (₹)	Amount (₹)
Bank balance as per pass book		33,600
Add : (1) Cheque deposited into the bank but not credited into the pass book	24,500	
(2) Dishonor of discounted bill not recorded in the cash book	15,000	
(3) Bank charges debited in the pass book but not recorded in the cash book	400	39,900
Less : (1) Direct deposit by customer through NEFT recorded only in the pass book	33,000	73,500
(2) Cheque issued but not presented for payment	38,800	
(3) Pass Book credit side overcast now corrected	2,000	73,8000
Overdraft as per Cash Book		300

Working Notes:

In order to find out items to be added and items to be deducted in the Bank Reconciliation Statement, we have to prepare Cash Book and passbook on the basic information given in the problem:

Cash Book (With Bank Column)

2. NEFT deposit	33,000	4	Bill dishonored	15,000
(-)		5	Bank Charges	400
			(+)	

Bank Pass Book

3. Cheque issued	38,800	By Balance b/d	33,600
5. Overcast corrected	2,000	1 Cheque deposited	24,500
(+)		(+)	

Explanation:

- First record the opening balance in the appropriate book and at the appropriate side i.e. either in Cashbook or passbook.
- In the above problem Bank balance of ₹ 33,600 as per the passbook is recorded on the credit side of the passbook in a box.
- In this problem, the entries which are passed on the credit side of the Cashbook and passbook are to be added in the Bank Reconciliation Statement and the entries passed on the debit side of the Cash Book and passbook are to be deducted in the Bank Reconciliation Statement. This is because the opening balance appears on the credit side of the passbook.
- Pass the entry of the given transactions in the book in which entry is not passed due to one or another reason, e.g. cheque of ₹ 24,300 is deposited but not collected. In this case, entry is not passed in the passbook, as the cheque is not collected by the bank. Now draft the entry for the given transaction on the credit side of the passbook. This is because, after the collection of cheques, the bank balance is increased. In the same way for remaining transactions pass the entry in that book where entry is not passed corresponding.

Question 4.

From the following details prepare Bank Reconciliation Statement as of 31st Dec. 2018.

- Bank overdraft as per Cash Book on 31st Dec. 2018 was ₹ 48,450.
- Bank charges for SMS alerts ₹ 370 were debited in passbook but not recorded in Cash Book.
- Interest in overdraft ₹ 2,870 did not appear in Cash Book.
- A bill for ₹ 12,000 discounted with bank appears in Cash Book at the full amount but the bank has deducted ₹ 200 discounting charges.
- Cheques issued but not presented for payment before 31st Dec. 2018 amounted to ₹ 32,300.
- Cheques amounting to ₹ 24,000 were deposited into the bank but only a cheque of ₹ 8,000 was collected by the bank before 31st Dec. 2018.
- Paid stationary bill ₹ 11,300 by debit card. It was not recorded in Cash Book.

Solution:

Bank Reconciliation Statement as of 31st December 2018.

Particulars	Amount (₹)	Amount (₹)
Bank overdraft as per cash book		48,450
Add: (1) Bank charges for SMS alerts were debited in pass book but not credited in the Cash Book	370	
(2) Interest on overdraft only debited in pass book	2,870	
(3) Bill discounted charges debited in the pass book but not credited in the Cash Book	200	
(4) Stationery bill paid by deducted but not recorded in the Cash Book	11,300	
(5) Cheque deposited but not collected	16,000	30,740
		79,190
Less: (1) Cheque issued but not presented for payment		32,300
Bank Overdraft as per pass book		46,890

Working Notes:

Cash Book (With Bank Column)

	1	By Balance b/d	48,540
	3	Bank Charges	370
	4	Interest on overdraft	2,870
	7	Discounting Charges	200
		Stationery Bill	11,300
(-)		(+)	

Bank Pass Book

5.	Cheque issued not presented for payment	32,300	6.	Cheque deposited not collected	16,000
	(-)			(+)	

Question 5.

From the following particulars prepare Bank Reconciliation Statement as of 30th June 2019.

1. Credit balance as per pass book ₹ 20,000.
2. A cheque for ₹ 3,500 was issued and paid by the bank, recorded in Pass Book as ₹ 5,300.
3. Cheque deposited ₹ 9,700 collected by the bank was not recorded in Cash Book.
4. Payment side of the Cash Book was undercast by ₹ 100.
5. Electricity bill paid by bank ₹ 6,200 was recorded twice in Pass Book.

Solution:

Bank Reconciliation Statement as of 30th June 2019.

Particulars	Amount (₹)	Amount (₹)
Bank overdraft as per pass book		20,000
Add: (1) Cheque issued and paid by the bank but recorded wrongly in the pass book	1,800	
(2) Payment side of Cash Book undercast now rectified	100	
(3) Electricity bill paid by the bank recorded twice in the pass book	6,200	8,100
		28,100
Less: (1) Cheque deposited and collected but not recorded in Cash Book		9,700
Bank Balance as per Cash Book		18,400

Working Notes:

Cash Book (With Bank Column)

3.	Cheque deposited not recorded	9,700	4.	Credit side undercast	100
	(-)			(+)	

Bank Pass Book

	5.	By Balance b/d	20,000
	2.	Electricity bill paid but recorded twice	62,000
		Cheque amount wrongly recorded	1,800
(-)		(+)	

Question 6.

Prepare Bank Reconciliation Statement from the following information as of 31st March 2019.

1. Balance as per Cash Book ₹ 10,000.
2. Cheque of ₹ 2,000 issued but not presented to Bank for payment.
3. Our debtor directly deposited ₹ 3,500 to our Bank account by NEFT, not recorded in the Cash Book.
4. Bank paid electricity bill on our behalf ₹ 450 and charged Bank charges ₹ 100.
5. Paid ₹ 1,500 to ABC & company, our supplier by business debit card but recorded in Cash Book as ₹ 150.
6. Bank credited interest on Investment ₹ 500.
7. Cheque of ₹ 885 issued and presented to Bank but wrongly entered in the Pass Book as ₹ 865.

Solution:

Bank Reconciliation Statement as on 31st March 2019

Particulars	Amount (₹)	Amount (₹)
Bank Balance as per Cash Book		10,000
Add: (1) Amount directly deposited by our debtor into the Bank A/c by NEFT but Not recorded in the Cash Book	3,500	
(2) Interest on Investment credited in the pass book only	500	
(3) Cheque issued but not presented for payment	2,000	
(4) Cheque issued and presented for payment but wrongly entered in the pass book	20	6,020
		16,020
Less: (1) Electricity bill and Bank Charges debited in the pass book only (450 + 100)	550	
(2) Amount paid to supplier by business debit card but recorded wrong amount in Cash Book	1,350	1,900
Bank Balance as per pass book		14,120

Working Notes:

Cash Book (With Bank Column)

1.	To Balance (b/d)	10,000	4.	Electricity charges	450
3.	Amount directly deposited	3,500		Bank charges	100
6.	Interest on investment	500	5.	Wrong amount recorded in Cash Book	1,350
	(+)			(-)	

Bank Pass Book

2.	Cheque issued	2000		
7.	Wrong amount entered	20		(-)
	(+)			

Question 7.

On 31st January 2018 Bank balance as per Cash Book was ₹ 40,000 but Pass Book was showing some other balances following were the causes of the difference.

- Cheques were issued for ₹ 1,00,000 in January 2018 but cheques of ₹ 50,000 were only presented to the Bank for payment before January 31st, 2018
- Cheques were sent to the Bank for collection of ₹ 2,00,000 out of which cheques of ₹ 80,000 were only credited by the Bank in January 2018.
- Following entries were shown in the passbook in January 2018, but no corresponding entries were made in the Cash Book.
 - Payment of ₹ 6,400 by Bank for Electricity Bill by ECS.
 - Interest credited by Bank ₹ 12,000
 - Bank debited commission ₹ 1,000 and Bank charges for ₹ 600.
 - Direct deposit made by customer ₹ 1,000 by NEFT to our account.

Prepare Bank Reconciliation Statement as of 31st January 2018.

Solution:

Bank Reconciliation Statement as of 31st January 2018

Particulars	Amount (₹)	Amount (₹)
Bank Balance as per Cash Book		40,000
Add: (1) Interest credited in the pass book but not debited in the Cash Book	12,000	
(2) Amount directly deposited by customer by NEFT but not recorded in the Cash Book	1,000	
(3) Cheque issued but not presented for payment	50,000	63,000
		1,03,000
Less : (1) Electricity charges paid through ECS but not recorded in the Cash Book	6,400	
(2) Commission and Bank charges debited only in the pass book (1,000 + 600)	1,600	
(3) Cheque deposited but not yet collected	1,20,000	1,28,000
Bank Overdraft as per pass book		25,000

Working Notes:

Cash Book (With Bank Column)

1.	Bank balance	40,000	3.	(i) Electricity bill	6,400
3.	(ii) Interest credited	12,000	3.	(iii) Commission	1,000
3.	(iv) Direct deposit	1,000		Bank Charges	600
	(+)			(-)	

Bank Pass Book

1.	Cheques issued	50,000	2.	Cheque deposited	1,20,000
	(+)			(-)	

Question 8.

In January 2018, the Pass Book of Mr. Girish Kumbhar showed a bank balance of ₹ 14,000. A comparison of the Cash Book with the Pass Book revealed the following.

- Cheque deposited but not credited by Bank ₹ 10,000
- Dividend on shares collected by Bank but not recorded in the Cash Book ₹ 1,000
- Bank paid Insurance premium as per standing instruction by ECS ₹ 500, no corresponding entry was passed in the Cash Book.
- Bank debited Commission ₹ 75.
- A debit of ₹ 900 in respect of cheque dishonored appears in Pass Book only.
- Cheque of ₹ 1,500 deposited into Bank wrongly recorded twice in the Cash Book.
- Total cheques of ₹ 20,000 were issued during the month of January 2018, but cheques of ₹ 8,000 only were presented for payment in January 2018.

Prepare Bank Reconciliation Statement as of 31st January 2018.

Solution:

Bank Reconciliation Statement as of 31st March 2019

Particulars	Amount (₹)	Amount (₹)
Bank Balance as per pass book		14,000
Add: (1) Insurance Premium paid and debited only in the pass book	500	
(2) Commission debited in the pass book but not credited in the Cash Book	75	
(3) Cheque dishonored and recorded only in the pass book	900	
(4) Cheque deposited into the bank wrongly recorded twice in the Cash Book	1,500	
(5) Cheque deposited but not credited in the pass book	10,000	12,975
		26,975
Less: (1) Dividend collected by the bank but not recorded in the Cash Book	1,000	
(2) Cheques issued but not presented for payment	12,000	13,000
Bank Balance as per Cash Book		13,975

Working Notes:

Cash Book (With Bank Column)

2.	Dividend collected	1,000	3.	Insurance Premium	500
			4.	Commission debited	75
			5.	Cheque dishonoured	900
			6.	Cheque recorded twice	1500
	(-)			(+)	

Pass Book

7.	Cheques issued	12,000	1.	By Balance b/d	14,000
	(+)			Cheque deposited	10,000
				(+)	

Question 9.

Form the following details provided by Prasharit enterprises, prepare a Bank Reconciliation Statement as of 31st March 2018.

- Overdraft as per Cash Book ₹ 28,000
- Cheque issued of ₹ 2,000 and presented to Bank returned dishonored but the effect of dishonored is not recorded in the Cash Book.
- Bank debited Bank charges ₹ 150.
- Bank transferred ₹ 2,500 to the savings account of the proprietor but not recorded in the Cash Book.
- Cheque issued to the supplier but not presented to Bank before 21st March 2018, ₹ 1,600
- Cheques of ₹ 3,000 and ₹ 2,000 were deposited into Bank but cheques of ₹ 3,000 were only credited by Bank before 31st March 2018.
- Out customer directly deposited ₹ 1,500 in our Bank account but wrongly recorded it in the cash column of the Cash Book.
- Bank debited interest on overdraft ₹ 750.

Solution:

Bank Reconciliation Statement as of 31st March 2018.

Particulars	Amount (₹)	Amount (₹)
Overdraft as per Cash Book		28,000
Add: (1) Bank charges debited by the Bank and recorded in the pass book only.	150	
(2) Amount transferred to savings A/c of proprietor not recorded in Cash Book.	2,500	
(3) Interest on overdraft debited only in the pass book.	750	
(4) Cheque deposited but not collected	2,000	5,400
		33,400
Less: (1) Issued Cheque dishonoured recorded only in the pass book.	2,000	
(2) Direct deposit in our bank A/c wrongly recorded in the Cash Book in cash column	1,500	
(3) Cheque issued but not presented for payment.	1,600	5,100
Overdraft as per pass book		28,300

Working Notes:

Cash Book (Bank column)

2.	Dishonoured cheque	2,000	3.	By Balance b/d	28,000
7.	Direct deposit	1,500	4.	Bank charges	150
			5.	Transfer of fund	2500
			8.	Interest on overdraft	750
	(-)			(+)	

Pass Book

2.	Cheque issued	1,600	6.	Cheque deposited	2,000
	(-)			(+)	

Question 10.

Prepare Bank Reconciliation Statement as of 31st Dec. 2018

- Debit balance as per pass book ₹ 16,000
- Customer directly deposited in our Bank account by NEFT ₹ 8,000.
- Cheques deposited into Bank but not credited by Bank ₹ 10,500.

4. Pass Book shows a debit entry for Bank commission ₹ 300, not recorded in Cash Book.

5. A Bill of Exchange of ₹ 3,500 was discounted with the Bank in December 2018, returned dishonored in January 2019.

6. As per standing instructions Bank paid the Telephone bill of ₹ 650, not recorded in the Cash Book.

7. Cheque of ₹ 975 deposited into the Bank but wrongly recorded on ₹ 795 in Cash Book.

Solution:

Bank Reconciliation Statement as of 31st December 2018.

Particulars	Amount (₹)	Amount (₹)
Overdraft as per pass book		16,000
Add: (1) Direct deposit by customer through NEFT not recorded in the Cash Book.	8,000	
(2) Cheque deposited and cleared but wrongly recorded in Cash Book.	180	8,180
		24,180
Less: (1) Bank commission debited in the pass book but recorded in Cash Book.	300	
(2) A bill of exchange discounted but not recorded in Cash Book.	3,500	
(3) Telephone bill paid by the bank and recorded in pass book only.	650	
(4) Cheque deposited into the bank but not credited in the pass book.	10,500	14,950
Overdraft as per Cash Book		9,230

Working Notes:

Cash Book (with Bank column)

2.	Direct deposit	8,000	4.	Bank commission	300
7.	Cheque deposited	180	6.	Telephone bill	650
5.	Bill of exchange discounted (+)	3,500		(-)	

Bank Pass Book

1.	To Balance c/d (+)	16,000	3.	Cheque deposited (+)	10,500
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