

CHAPTER 5

Bank Reconciliation Statement

EXERCISE QUESTIONS

5MARKS

Q1.State the need for the preparation of bank reconciliation statement?

Solution:

The need and importance of the bank reconciliation statement are as follows:

- It ensures accuracy of the balances and records shown by the pass book and cash book.
- It detects the errors which might have occurred in a cash book in connection with bank transactions and helps in rectifying those errors.
- Regular preparation of bank reconciliation statement helps in prevention of frauds.
- It detects any undue delay caused during the recording of transactions or collection of cheques.
- This helps in taking appropriate action to prevent any further delay.
- It keeps a check on the accuracy of entries made in both the books.
- It helps in updating the cash book as per the pass book.

Q2. What is a bank overdraft?

Solution:

When a firm or an account holder withdraws excess amount over the available bank balance, the account, then, runs a negative bank balance. The negative balance is called a bank overdraft. In other words, bank

overdraft is the excess of withdrawals over deposits and is considered a liability to an account holder.

Q3. Briefly explain the statement ‘wrongly debited by the bank’ with the help of an example.

Solution:

The statement ‘Wrongly debited by the bank’ is alleged when the bank wrongly debits the customer’s account. A wrong debit reduces the account balance of the customer. Wrong debits occur when a transaction is wrongly recorded or when incorrect amount is debited from an account. Such errors can occur in the following two cases:

- A person has more than one account in a bank: A cheque of Rs.4,000 issued from his/her savings account was wrongly paid through his/her current account.
- Amounts of cheques are wrongly recorded: A cheque payment of Rs.60,000 was wrongly debited in the pass book as Rs.6,000.

Q4. State the causes of difference occurred due to time lag.

Solution:

The causes of difference which occur because of time lag are given below:

1. Cheques issued but not presented for payment at the bank.

The firm/customer issues cheques to its suppliers or creditors. But not all these cheques are presented to the bank. The entry in the cash book is made immediately on issue of the cheque but the bank will not pass an entry until the cheque is presented for payment.

2. Cheques paid or deposited but not collected and credited by the bank.

Entry is passed by the firm in the cash book when it receives cheques from its debtors which increase the balance as per the cash book. But the bank credits the firm’s account only when they have received the payment from the customer’s bank or in other words, once the cheque is collected by the bank.

Q5. Briefly explain the term favourable balance as per cash book.

Solution:

Favourable balance is the excess of total of debit side over total of credit side in a bank column of a cash book. It is also known as debit balance as per the cash book. In other words, favourable balance means excess of deposits over withdrawals.

Q6. Enumerate the steps to ascertain the correct cash book balance.

Solution:

Most of the transaction items which normally cause differences between the balances appear only in the pass book. Such items are first recorded in the cash book to find the adjusted balance of the cash book and then the bank reconciliation statement is prepared. The below given steps are involved in the preparation of adjusted cash book.

Step 1: The bank balance as per the cash book is noted.

Step 2: All the errors committed in the cash book are to be recorded and rectified.

Step 3: Transaction present only on the credit side of the pass book needs to be recorded on the debit side of the cash book.

Step 4: Transaction present only on the debit side of the pass book needs to be recorded on the credit side of the cash book.

Step 5: Total the cash book and find the balancing figure. This balancing figure is used for preparing the bank reconciliation statement.

7MARKS

Q1. What is a bank reconciliation statement? Why is it prepared?

Solution:

Business organizations maintain the cash book for recording cash and bank transactions. It shows the balance of both the accounts at the end of an accounting period.

Similarly, the bank also maintains an account for each customer in its book. All deposits made by the customer are recorded on the credit side of the account and all withdrawals are recorded on the debit side of the account.

A copy of this is sent to the customer by the bank. This is called pass book or bank statement. This statement is used by the firm to tally its bank transactions as recorded by the bank with the cash book. The balance of the cash book must tally with that of the pass book.

But as both the books are maintained by two different parties, the bank balances as shown by the cash book and that shown by the pass book do not always match. The entries in both the books are, thus, compared and the items because of which the difference has occurred are determined and rectified. Thus, to reconcile the balances of the cash book and the pass book, a statement is prepared. This statement is called the bank reconciliation statement.

Procedure of preparing Bank Reconciliation Statement – A

Reconciliation statement is prepared when an account holder gets the duly completed pass book from the bank. Immediately on receiving the pass book, he tallies in case of any differences, items appearing in the pass book are checked and ticked with the items appearing in the cash book. Unticked items in both the books will be the points of difference.

There will be noted on a piece of paper and then, with the help of these causes of difference, a statement of reconciliation will be prepared. A

bank reconciliation statement can be prepared by taking the balance either as per cash book or as per pass book as a starting point. If the statement is started with the balance as per bank column of the cash book, the answer arrived at the end will be the balance as per pass book. Alternatively, if the statement is started with the balance as per pass book, the answer arrived at in the end will be the balance as per cash book.

Q2.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.

Solution:

The reason for the error in balance between the cash book and pass book can be stated as follows:

Timing difference on recording of the transactions

While comparing the balances of both the accounts, transactions found usually appear only in the cash book or only in the pass book. Such differences are caused by the time gap in recording the transactions in the books relating to either receipts or payments.

- **Transactions which appear in the cash book but not in the pass book:**

1. **Cheques issued but not presented for payment at the bank**

The firm/customer issues cheques to its suppliers and creditors, but not all these cheques are presented to the bank. The entry in the cash book is made immediately on issue of the cheque but the bank will not pass an entry until the cheque is presented for payment.

2. **Cheques paid or deposited but not collected and credited by the bank**

Entry is passed by the firm in the cash book when it receives cheques from its debtors which increase the balance as per the cash book. But the bank credits the firm's account only when they receive the payment from the customer's bank or in other words, once the cheque is collected by the bank.

- **Transactions which appear in the pass book but not in the cash book:**

1. **Direct bank charges, commission and interest debited by the bank**

Bank provides us various services for which it levies some charges which is directly debited from the firm's account. The firm will know of these charges only after she/he verifies the entries with the bank statement.

Example: Interest on overdraft, unpaid cheques and cheque collection charges

2. **Expenses directly paid by the bank on behalf of the customers**

Depending upon the standing instruction of the customer, the bank makes regular payment on behalf of the customer. The bank debits the customer's account when the payment is made but the firm will pass the entry in his book only after he receives the bank statement. Thus, the balance as per the pass book will be less than the balance in the cash book.

Example: Insurance premium, telephone bills and rent

3. **Amounts directly deposited in the customer's account**

There are times when the firm's debtors deposit money or make payments directly into the firm's bank account. This results in an increase in the balance of the bank account. As no intimation is received by the firm, there will be no record of the same in the cash book.

4. **Incomes directly collected by the bank on behalf of customer but not recorded in cash book**

As per the agreement between the customer and the bank, the bank directly accepts payments such as dividends and rents and credits the same into the customer's account. This increases the balance as per the pass book and causes a decrease in the balance in the cash book.

5. **Cheques deposited dishonoured or bills discounted dishonoured**

The bank sometimes allows the facility of discounting the bills

of the customers. If such a bill is dishonoured on its date of maturity, the same is debited to customers account. As this information is not available to the firm, there will be no entry in the cash book. Similarly, when a cheque deposited by the firm in the bank is dishonoured, the same is debited to the customer's account. As a result, there is a difference between the balances of the cash book and the pass book.

Errors in recording transactions by the firm or by the bank

Errors such as wrong recordings relating to cheques deposited/issued, wrong totaling or omission can be committed by the bank or the firm which can cause a difference between the cash book and the pass book balance.

Example: Wrong recording can be passed by the bank because of the similarity in names of its customers or some error caused by the clerk of the bank.

Cheques received by the firm are sent to the bank without passing an entry in the cash book or cheques received from the customers are omitted to be sent to the bank but an entry has been passed in the cash book.

Q3. Explain the process of preparing bank reconciliation statement with amended cash balance.

Solution:

The below given steps are involved in the preparation of adjusted cash book.

Step 1: The bank balance as per the cash book is noted.

Step 2: All the errors committed in the cash book to be recorded are rectified.

Step 3: Transaction present only on the credit side of the pass book needs to be recorded on the debit side of the cash book.

Step 4: Transaction present only on the debit side of the pass book needs to be recorded on the credit side of the cash book.

Step 5: Total the cash book and find the balancing figure. This balancing figure is used for preparing the bank reconciliation statement. The performa of the bank reconciliation statement through amended balance is given below:

Bank Reconciliation Statement, as on _____		
Particulars	Amount ₹ (Add)	Amount ₹ (Less)
Adjusted balance as per the amended the cash book	XXX	
Adjusted balance as per the amended the cash book	XXX	
Add: Cheque issued but not presented		XXX
Less: Cheque deposited but not credit		

Numerical Questions

Q1. From the following particulars, prepare a bank reconciliation statement as at March 31, 2014.

1. Balance as per cash book ₹ 3,200.
2. Cheque issued but not presented for payment ₹ 1,800.
3. Cheque deposited but not collected ₹ 2,000.
4. Bank charges debited by bank ₹ 150.

Solution:

Particulars	Amt. (₹)	Amt. (₹)
Balance as per Cash Book		3,200
Add :		
Cheque issued but not presented for payment	1,800	1,800
		5,000
Less :		
Cheque deposited but not collected in bank	2,000	
Charges debited by bank not entered in cash book	150	2,150
Balance as per Pass Book		2,850

Q2. On March 31 2014 the cash book showed a balance of ₹ 3,700 as cash at bank, but the bank passbook made up to same date showed that cheques for ₹ 700, ₹ 300 and ₹ 180 respectively had not presented for payment, Also, cheque amounting to ₹ 1,200 deposited into the account had not been credited. Prepare a bank reconciliation statement.

Solution:

Bank Reconciliation Statement, as on March 31, 2014			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Cash Book	3,700	
i.	Three cheques issued but not presented for payment (700+300+180)	1,180	
ii.	Cheque deposited but not cleared		1,200
	Balance as per the pass book (4,880 -1,200)		3,680
		4,880	4,880

Q3. The cash book shows a bank balance of ₹ 7,800. On comparing the cash book with passbook the following discrepancies were noted:

1. Cheque deposited in bank but not credited ₹ 3,000.
2. Cheque issued but not yet present for payment ₹ 1,500.
3. Insurance premium paid by the bank ₹ 2,000.
4. Bank interest credit by the bank ₹ 400.
5. Bank charges ₹ 100.
6. Directly deposited by a customer ₹ 4,000.

Solution:

Bank Reconciliation Statement			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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 interest received	400	
e.	Bank charges		100
f.	Amount directly deposited by customer	4,000	5100
	Balance as per the pass book (13700 - 5,100)		8,600
		13,700	13,700

Q4. Bank balance of ₹ 40,000 showed by the cash book of Atul on December 31, 2013. It was found that three cheques of ₹ 2,000, ₹ 5,000 and ₹ 8,000 deposited during the month of December were not credited in the passbook till January 02, 2014. Two cheques of ₹ 7,000 and ₹ 8,000 issued on December 28 were not presented for payment till January 03, 2014. In addition to it bank had credited ₹ 325 as interest and had debited him with ₹ 50 as bank charges for which there were no corresponding entries in the cash book.

Prepare a bank reconciliation statement as on December 31, 2013.

Solution:

Bank Reconciliation Statement of Atul as on December 31, 2013			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the cash book	40,000	
a.	Cheque deposited but not credited in the pass book (2,000+5,000+8,000)		15,000
b.	Cheque issued but not yet presented for payment (7000+8000)	15,000	
c.	Bank allowed interest	325	
d.	Bank debited charges		50
			15,050
	Balance as per the pass book (55325 - 15,050)		40,275
		55,325	55,325

Q5. On comparing the cash book with passbook of Naman it is found that on March 31, 2014, bank balance of ₹ 40,960 showed by the cash book differs from the bank balance with regard to the following:

- 1. Bank charges ₹ 100 on March 31, 2014, are not entered in the cash book.**
- 2. On March 21, 2014, a debtor paid ₹ 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.**
- 3. Cheques totaling ₹ 12,980 were issued by the company and duly recorded in the cash book before March 31, 2014, but had not been presented at the bank for payment until after that date.**
- 4. A bill for ₹ 6,900 discounted with the bank is entered in the cash book with recording the discount charge of ₹ 800.**
- 5. ₹ 3,520 is entered in the cash book as paid into bank on March 31st, 2014, but not credited by the bank until the following day.**

6. No entry has been made in the cash book to record the dishonor on March 15, 2014 of a cheque for ₹ 650 received from Bhanu.

Prepare a reconciliation statement as on March 31, 2014.

Solution:

Bank Reconciliation Statement of Naman as on March 31, 2014			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Cash book	40,960	
i.	Bank debited charges		100
ii.	Amount directly paid by debtor into bank account	2,000	
iii.	Cheques issued but not presented for payment	12,980	
iv.	Discount charges of bill was omitted to be recorded in the Cash Book		800
v.	Amount debited in bank column of the Cash Book but not deposited in bank		3,520
vi.	Cheque dishonoured not recorded in the Cash Book		650
			5,070
	Balance as per the Pass book (55,940-5,070)		50,870
		55,940	55,940

Q6. Prepare bank reconciliation statement as on December 31, 2014. On this day the passbook of Mr. Himanshu showed a balance of ₹ 7,000.

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

Solution:

Bank Reconciliation Statement of Mr. Himanshu as on December 31, 2014			
S. No	Particulars	(+) Amount ₹	(-) Amount ₹
	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
			2,700
	Balance as per the Cash book (7,000-2,700)		4,300
		7,000	7,000

Q7. From the following particulars prepare a bank reconciliation statement showing the balance as per cash book on December 31, 2014.

1. Two cheques of ₹ 2,000 and ₹ 5,000 were paid into bank in October, 2014 but were not credited by the bank in the month of December.

2. A cheque of ₹ 800 which was received from a customer was entered in the bank column of the cash book in December 2014 but was omitted to be banked in December, 2014.
3. Cheques for ₹ 10,000 were issued into bank in November 2014 but not credited by the bank on December 31, 2014.
4. Interest on investment ₹ 1,000 collected by bank appeared in the passbook.

Balance as per Passbook was ₹ 50,000.

Solution:

Bank Reconciliation Statement as on December 31, 2014			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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
			11,000
	Balance as per the Cash book (57,800 - 11,000)		46,800
		57,800	57,800

Q8. Balance as per passbook of Mr. Kumar is 3,000.

1. Cheque paid into bank but not yet cleared
 Ram Kumar Rs.1,000
 Kishore Kumar Rs.500
2. Bank Charges Rs.300

3. Cheque issued but not presented
Hameed Rs.2,000
Kapoor Rs.500
4. Interest entered in the passbook but not entered in the cash book Rs.100.

Prepare a bank reconciliation statement.

Solution:

Bank Reconciliation Statement of Mr. Kumar			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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
			2,600
	Balance as per the Cash book (4,800-2,200)		2,200
		4,800	4,800

Q9. The passbook of Mr. Mohit current account showed a credit Balance of Rs.20,000 on dated December 31, 2014. Prepare a Bank Reconciliation Statement with the following information.

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

3. One cheque issued by Mr. Mohit of ₹ 500 on December 25, but it was not presented for payment whereas it was recorded twice in the cash book.

Solution:

Bank Reconciliation Statement of Mr. Mohit, as on December 31, 2014			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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 recorded in cash book		1,000
			1,500
	Balance as per cash book (20,400-1,500)		18,900
		20,400	20,400

Q10. On 1st January 2014, ₹ 8,000 as showed by his cash book. ₹ 2,000 had been paid in by him but were not collected by the bank by January 01, 2014. He issued cheques of ₹ 800 which were not presented to the bank for payment up to that day. There was a debit in his passbook of ₹ 60 for interest and ₹ 100 for bank charges. Prepare bank reconciliation statement for comparing both the balance.

Solution:

Bank Reconciliation Statement of Rakesh as on January 01, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Cash Book (Cr.)		8,000
Add: Cheques deposited but not yet cleared	2,000	
Interest on overdraft debited by bank	60	
Bank debited charges	100	2,160
		10,160
Less: Cheques issued but not presented for payment		800
Overdraft as per the Pass Book (Dr.)		9,360

Q11. Prepare bank reconciliation statement.

1. Overdraft shown as per cash book on December 31, 2014 ₹ 10,000.
2. Bank charges for the above period also debited in the passbook ₹ 100.
3. Interest on overdraft for six months ending December 31, 2014 ₹ 380 debited in the passbook.
4. Cheques issued but not encashed prior to December 31, 2014 amounted to ₹ 2,150.
5. Interest on Investment collected by the bank and credited in the passbook ₹ 600.
6. Cheques paid into bank but not cleared before December, 31 2014 were ₹ 1,100.

Solution:

Bank Reconciliation Statement as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Cash Book (Cr.)		10,000
Add: Bank debited charges	100	
Interest charged by bank on overdraft	380	
Cheques deposited but not cleared	1,100	1580
		11,580
Less: Cheques issued but not presented for payment	2,150	
Interest on investment credited in the Pass Book but not entered in the Cash Book	600	2,750
Overdraft as per the Cash Book (Dr.)		8,830

Q12. Kumar find that the bank balance shown by his cash book on December 31, 2005 is ₹ 90,600 (Credit) but the passbook shows a difference due to the following reason:

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

Solution:

Bank Reconciliation Statement of kumar as on December 31, 2005		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Cash Book (Cr.)		90,600
Add:		
Cheque debited in the Cash Book but not presented for payment	1,000	
Cheque deposited but not yet cleared	1,500	
Cheque dishonoured	5,000	7,500
		98,100
Less: Cheque issued but not presented for payment	8,000	8,000
Overdraft as per the Pass Book (Dr.)		90,100

Q13. On December 31, 2014, the cash book of Mittal Bros showed an overdraft of ₹ 6,920. From the following particulars prepare a Bank Reconciliation Statement and ascertain the balance as per passbook.

1. Debited by bank for ₹ 200 on account of interest on overdraft and ₹ 50 on account of charges for collecting bills.
2. Cheques drawn but not encashed before December, 31 2014 for ₹ 4,000.
3. The bank has collected interest and has credited ₹ 600 in passbook.
4. A bill receivable for ₹ 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, 2014 amounted ₹ 6,000.

Solution:

Bank Reconciliation Statement of Mittal Bros. as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Cash Book (Cr.)		6,920
Add: Bank debited interest on overdraft	200	
Bank debited charges for collecting bills	50	
Bill receivable dishonoured	700	
Cheque deposited but not cleared in December	6,000	6,950
		13,870
Less: Cheque issued but not presented for payment	4,000	
Bank collected interest	600	4,600
Overdraft as per the Pass Book (Dr.)		9,270

Q14. Prepare bank reconciliation statement of ShriBhandari as on December31, 2005.

1. The payment of a cheque for ₹ 550 was recorded twice in the passbook.
2. Withdrawal column of the passbook under cast by ₹ 200.
3. A cheque of ₹ 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.
4. A cheque of ₹ 300 debited to bank column of the cash book was not sent to the bank.
5. ₹ 500 in respect of dishonoured cheque were entered in the passbook but not in the cash book. Overdraft as per passbook is ₹ 20,000.

Solution:

Bank Reconciliation Statement of ShriBhandari as on December 31, 2005		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Pass Book (Dr.)		20,000
Add: Withdrawal column of the Pass Book under cast	200	200
		20,200
Less Cheque debited in the Cash Book but not presented in the bank	200	
Payment of cheque twice debited in the Pass Book	550	
Cheque added in the Cash Book but not deposited in the bank	300	
Cheque dishonoured not entered in cash book	500	1,550
Overdraft as per the Cass Book (Cr.)		18,650

Q15. Overdraft shown by the passbook of Mr. Murli is ₹ 20,000. Prepare bank reconciliation statement on dated December 31, 2014.

1. Bank charges debited as per passbook ₹ 500.
2. Cheques recorded in the cash book but not sent to the bank for collection ₹ 2,500.
3. Received a payment directly from customer ₹ 4,600.
4. Cheque issued but not presented for payment ₹ 6,980.

5. Interest credited by the bank ₹ 100.
6. LIC paid by bank ₹ 2,500.
7. Cheques deposited with the bank but not collected ₹ 3,500.

Solution:

Bank Reconciliation Statement of Mr. Murli as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Pass Book (Dr.)		20,000
Add: Cheque issued but not presented for payment	6,980	
Amount received directly by customer in the bank	4,600	
Interest allowed by bank 4600	100	11,680
		31,680
Less: Bank charges debited in the Pass Book	500	
Cheques deposited but not collected	3,500	
Cheque recorded in the Cash Book but not sent to bank	2,500	
LIC paid by bank	2,500	9,000
Overdraft as per the Cass Book (Cr.)		22,680

Q16. Raghav and 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 December 31, 2014 according to the cash book of the firm.

1. Cheques paid into bank prior to December 31, 2014, but not credited for ₹ 10,000.
2. Transfer of funds from account No. II to account no. I recorded by the bank on
3. December 31, 2014 but entered in the cash book after that date for ₹ 8,000.
Cheques issued prior to December 31, 2014 but not presented until after that date for ₹ 7,429.
4. Bank charges debited by bank not entered in the cash book for ₹ 200.
5. Interest debited by the bank not entered in the cash book ₹ 580.
6. Overdraft as per Passbook ₹ 18,990.

Solution:

Bank Reconciliation Statement of Mr. Raghav and Co. Account No. I as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Pass Book (Dr.)		18,990
Add: Amount transferred Account II to Account I recorded in the Pass Book but not entered in the Cash Book	8,000	
Cheque issued but not presented for payment	7,429	15,429
		18,990
Less: Cheque deposited but not cleared prior to 31 Dec 2014	10,000	
Bank debited charges	200	
Interest on overdraft not credited in the Cash Book	580	10,780
Overdraft as per the Cass Book (Cr.)		23,639

Q17. Prepare a bank reconciliation statement from the following particulars and show the balance as per cash book.

1. Balance as per passbook on December 31, 2014 overdrawn ₹ 20,000.
2. Interest on bank overdraft not entered in the cash book ₹ 2,000.
3. ₹ 200 insurance premium paid by bank has not been entered in the cash book.
4. Cheques drawn in the last week of December, 2014, but not cleared till date for ₹ 3,000 and ₹ 3,500.
5. Cheques deposited into bank on November, 2014, but yet to be credited on dated December 31, 2014 ₹ 6,000.
6. Wrongly debited by bank ₹ 500.

Solution:

Bank Reconciliation Statement as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Pass Book (Dr.)		20,000
Add: Cheques issued but not presented for payment (3000+3500)		6,500
		26,500
Less: Interest on overdraft not credited in the Cash Book	2,000	
Cheques deposited but not cleared	6,000	
Insurance premium paid by bank not entered in the Cash Book	200	
Amount wrongly debited by bank	500	8,700
Overdraft as per the Cass Book (Cr.)		17,800

Q18. The passbook of Mr. Randhir showed an overdraft of ₹ 40,950 on March 31, 2014. Prepare bank reconciliation statement on March 31, 2014.

1. Out of cheques amounting to ₹ 8,000 drawn by Mr. Randhir on March 27, a cheque for ₹ 3,000 was encashed on April 2014.
2. Credited by bank with ₹ 3,800 for interest collected by them, but the amount is not entered in the cash book.
3. ₹ 10,900 paid in by Mr. Randhir in cash and by cheques on March, 31 cheques amounting to ₹ 3,800 were collected on April, 07.
4. A Cheque of ₹ 780 credited in the passbook on March 28 being dishonoured is debited again in the passbook on April 01, 2014. There was no entry in the cash book about the dishonour of the cheque until April 15.

Solution:

Bank Reconciliation Statement of Mr. Randhir as on December 31, 2014		
Particulars	Amount Details ₹	Amount ₹
Overdraft as per the Pass Book (Dr.)		40,950
Add: Cheque issued but not presented for payment in March	3,000	
Interest collected by bank not entered in the Cash Book	3,800	
Cheque dishonoured in April	780	7,580
		48,530
Less: Cheque deposited but not yet cleared in March		3,800
Overdraft as per the Cass Book (Cr.)		44,730