

**CBSE Test Paper 05**  
**Ch-5 Bank Reconciliation Statement**

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1. Is a bank reconciliation statement a part of double entry system?
2. When bank column of a cash book shows a credit balance, what does it mean?
3. By whom is the bank reconciliation statement prepared?
4. Briefly explain the term favourable balance as per cash book.
5. On 31st March 2018, the Cash Book of Mahesh showed debit bank balance of Rs.75,000. When compared with the Bank Statements, following facts were discovered. On 30th March, two cheques of Rs.5,000 and Rs.7,000 were deposited in the bank but were not realised till date. On 28th March, three cheque of Rs.6,000, Rs.8,000 and Rs.12,000 were issued but none of these were presented to the bank for payment. On 31st March, bank credited Rs.1,250 as interest but this was not recorded in the Cash Bank. Similarly, the bank had charged Rs.150 as bank charges but this was not recorded in the cash Bank.  
Bank paid insurance premium of Rs.5,000 but it was recorded as Rs.500 in Cash Book. Prepare Bank Reconciliation Statement on 31st March, 2018.
6. Prepare Bank Reconciliation Statement from the following particulars as on 31 March 2018, when passbook shows a debit balance of Rs.2,500.
  - i. Cheque issued for Rs.5,000 but up to 31 March 2018 only Rs.3,000 could be cleared.
  - ii. Cheques issued for Rs.1,000 but omitted to be recorded in cash book.
  - iii. Cheques deposited for Rs.5,500 but cheques for Rs.500 were collected on 4th April, 2018
  - iv. A discounted bill of exchange dishonoured Rs.1,000.
  - v. A cheque of Rs.500 debited in cash book but omitted to be banked.
  - vi. Interest allowed by bank Rs.200 but no entry was passed in the Cashbook.
7. On 31st March 2018, the Bank Pass Book of Naresh & Co. showed an overdraft of Rs.10,700. From the following particulars prepare Bank Reconciliation Statement
  - i. Cheques issued before 31-03-2018 but presented for payment after that date amounted to Rs.900.
  - ii. Cheques paid into the Bank but not collected and credited until 31-03- 2018 amounted to Rs.2,200.

- iii. Interest on overdraft amounting to Rs.1,200 did not appear in the Cash Book.
  - iv. Rs.5,000 being interest on investments collected by the Bank and credited in the Pass Book were not shown in the Cash Book.
  - v. Bank charges of Rs.50 were not entered in the Cash Book.
  - vi. Rs.800 in respect of dishonoured cheque were entered in the Pass Book but not in the Cash Book.
8. From the following information supplied by Sanjay, prepare his bank reconciliation statement as on 31 st December, 2013.

	Amt(Rs)
(i) Bank overdraft as per pass book	16,500
(ii) Cheques issued but not presented for payment	8,750
(iii) Cheques deposited with the bank but not collected	10,500
(iv) Cheques recorded in the cash book but not sent to the bank for collection	2,000
(v) Payment received from customers directly by the bank	3,500
(vi) Bank charges debited in the pass book	200
(vii) Premium on life policy of Sanjay paid by the bank on standing advice	1,980
(viii) A bill for Rs 3,000 (discounted with the bank in November) dishonoured on 31st December, 2013 and noting charges paid by the bank	100

9. From the following particulars, prepare a bank reconciliation statement as on 31 st March, 2013.
- i. Bank balance as per cash book is Rs 1,00,000.
  - ii. A cheque for Rs 10,000 deposited but not recorded in the cash book. (Note Bank has collected and credited this cheque.)
  - iii. A cash deposit of Rs 2,000 was recorded in the cash book as if there is no bank column therein.
  - iv. A cheque issued for Rs 2,500 was recorded as Rs 2,050 in the cash column. (Note Bank has made the payment of this cheque.)
  - v. The debit balance of Rs 15,000 as on the previous day was brought forward as a credit balance.

- vi. The payment side of the cash book (bank column) was undercast by Rs 1,000.
  - vii. A cash discount allowed of Rs 1,120 was recorded as Rs 1,210 in the bank column.
  - viii. A cheque of Rs 5,000 received from a debtor was recorded in the cash book but not deposited in the bank for collection.
  - ix. One outgoing cheque of Rs 3,000 was recorded twice in the cash book.
10. On 30th September, 2013 my cash book (bank column of account number 1) showed a bank overdraft of Rs 98,700. Ongoing through the bank passbook for reconciling the balance, I found the following
- i. Out of cheques drawn on 26th September, those for Rs 7,400 were cashed by the bankers on 2nd October.
  - ii. A crossed cheque for Rs 1,500 given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1st October.
  - iii. Cash and cheques amounting to Rs 6,800 were deposited in the bank on 29th September, but cheques worth Rs 2,600 were cleared by the bank on 1st October and one cheque for Rs 500 was returned by them as dishonoured on the latter date.
  - iv. According to my standing instructions, the bankers have on 30th September, paid Rs 640 as interest to my creditors, paid quarterly premium on my policy amounting to Rs 320 and have paid a second call of Rs 1,200 on shares held by me and lodged with the bankers for safe custody. They have also received Rs 300 as dividend on my shares and recovered an insurance claim of Rs 1,600 as their charges and commission on the above being Rs 30. On receipt of information of the above transaction, I have passed necessary entries in my cash book on 1st October.
  - v. My bankers seem to have given me a wrong credit for Rs 1,000 paid in by me in account number 2 and a wrong debit in respect of a cheque for Rs 600 drawn against my account number 2.

Prepare a bank reconciliation statement as on 30th September, 2013.

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**Answer**

1. No, it is not a part of the double-entry system. It is a method to reconcile the balances between the bank statement balance and cash book balance of the bank.
2. It means that there is an overdraft balance in our bank account i. e., amount due to the bank or the excess amount withdrawn over the amount deposited in the bank.
3. It is prepared by the bank's customer i. e., account holder. It is done on monthly basis whenever bank statement arrives to the customer.
4. The favourable balance as per cash book means, when the deposits made by the firm are more than its withdrawal in its bank account. The debit balance as per the cash book means the balance of deposits held at the bank. Such a balance will be a credit balance as per passbook. The credit balance as per pass book also indicates the favourable balance as per cash book. For example, Bank balance (i.e. Credit Balance) which can also be seen in the passbook. On the other hand, the credit balance as per the cash book indicates bank overdraft.

5. **Bank Reconciliation Statement as at March 31, 2018**

Particulars	Plus (Dr.)	Minus (Cr.)
Balance as per Cash Book	75,000	
Cheques not yet collected		12,000
Cheques not yet presented	26,000	
Interest credited	1,250	
Bank charges		150
Insurance Premium paid by bank [5,000 - 500]		4,500
Balance as per Pass Book		85,600
	1,02,250	1,02,250

6.

**BANK RECONCILIATION STATEMENT**  
as on March 31, 2018

Particulars	(+)	(-)
Overdraft as per Pass Book (Dr.)		2,500
Cheque not yet presented		2,000
Cheques issued but omitted in cash book	1,000	
Cheques not yet collected	500	
Bill dishonoured	1,000	
Cheque omitted to be banked	500	
Bank Interest		200
Overdraft as per Cash Book (Cr.) (Balancing figure)	1,700	
<b>Total</b>	<b>4,700</b>	<b>4,700</b>

7.

**BANK RECONCILIATION STATEMENT**  
as on March 31, 2018

Particulars	(+)	(-)
Unfavourable balance as per Pass Book (Dr.)		10,700
Cheques not yet presented		900
Cheques but not yet collected	2,200	
Interest on Investment		5,000
Cheques dishonoured	800	
Interest on overdraft debited by bank	1,200	
Bank charges debited by bank	50	
Unfavourable balance as per Cash Book (Cr.) (Balancing figure)	12,350	
	<b>16,600</b>	<b>16,600</b>

8.

**Bank Reconciliation Statement  
as on 31st December, 2013**

Particulars	Amount (Rs)	Amount (Rs)
<b>Overdraft/Debit/Unfavourable Balance as per Pass Book</b>		<b>16,500</b>
Add: Cheques deposited with the bank but not yet collected	10,500	
Cheques recorded in the cash book but not sent to the bank for collection	2,000	
Bank charges debited in the pass book	200	
Premium on life policy paid by the bank	1,980	
Dishonoured bill (including noting charges)	3,100	17,780
Less: Cheques issued but not yet presented for payment	8,750	
Payments received from customers directly by the bank	3,500	12,250
<b>Overdraft/Credit/Unfavourable Balance as per Cash Book</b>		<b>10,970</b>

Bank Reconciliation Statement compares general ledger against the bank statement to check for any irregularities, such as overcharges, and provides helpful financial oversight from month to month.

9.

**BANK RECONCILIATION STATEMENT**

Particulars	Plus (Rs.)	Minus (Rs.)
<b>Balance as per Cash Book</b>	1,00,000	
<b>Add: Error In carrying forward</b>	30,000	
Cheque recorded twice in cash book	3,000	
Cash deposited into bank but not recorded in cash book	2,000	
Cheque deposited but not recorded in bank column	10,000	

<b>Less:</b> Payment side of bank column under cast		1,000
Cheques issued but not entered in cash book		2,500
A cash discount wrongly recorded in cash book		1,210
Cheque recorded but not deposited		5,000
<b>Balance as per Pass Book</b>		<b>1,35,290</b>
	<b><u>1,45,000</u></b>	<b><u>1,45,000</u></b>

10.

**BANK RECONCILIATION STATEMENT  
as on 30th September 2013**

<b>Particulars</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs.)</b>
Overdraft as per Cash Book		98,700
<b>Add:</b> Cheques issued but not yet presented	7,400	
Crossed cheque issued to Abdul not presented for payment	1,500	
Amounts collected by the bank on our behalf but not entered in the cash book;		
Dividend	300	
Insurance claim	1,600	
Amount paid in account number 2 credited by the bank wrongly to this account	1,000	
<b>Less:</b> Cheques deposited but not yet collected (2,600 + 500)		3,100
Payments made by the bank on our behalf but not entered in the cash book;		
Interest		640
Premium		320
Second call		1,200
Bank charged commission on collection of dividend and		

insurance claim		30
Cheques issued against account number 2 but wrongly debited by the bank to this account		600
<b>Overdraft as per Pass Book</b>	<b>92,790</b>	
	<u>1,04,560</u>	<u>1,04,590</u>