

Chapter - 5

Bank Reconciliation Statement

Section-B:Short Answer Questions for Two Marks:-

1. What is Bank Reconciliation Statement?
2. Why is Bank Reconciliation Statement prepared?
3. State any two reasons for the difference between cash book balance and pass book balance.
4. State any two causes of difference between cash book balance and pass book balance occurred due to time lag.
5. Give any two examples for errors committed by the firm in cash book.
6. Give any two examples for errors committed by the bank in pass book.
7. What do you understand by the following:
 - a. Debit balance as per cash book.
 - b. Credit balance as per cash book.
8. What do you understand by the following:
 - a. Debit balance as per pass book.
 - b. Credit balance as per pass book.
9. What do you understand by the following:
 - a. Favourable balance as per cash book
 - b. Unfavourable balance as per cash book
10. What do you understand by the following:
 - a. Favourable balance as per pass book
 - b. Unfavourable balance as per pass book
11. What is Pass book?
12. What is bank overdraft?
13. Why is Amended Cash Book prepared?
14. Enumerate the first two steps to ascertain the correct cash book balance.

Section-D:Twelve marks problems:-

Dealing with favourable balances

1. From the following particulars of Mr. Vinod, prepare Bank Reconciliation Statement as on March 31, 2017.
 - a. Bank balance as per cash book Rs. 50,000.
 - b. Cheques issued, but not presented for payment Rs. 6,000.
 - c. Dividend on shares collected by the bank and credited in the pass book Rs.8,000.
 - d. Bank charges debited in the pass book only Rs. 400.
 - e. A cheque deposited into bank, but not collected by the bank Rs.5,000.
 - f. Interest credited in the pass book only Rs.500.
 - g. Insurance premium paid directly by the bank understanding advice Rs. 1,000.**(Ans: Balance as per pass book Rs.58,100)**

2. From the following particulars of Mr.Akash, prepare Bank Reconciliation Statement as on Dec. 31, 2016.
 - a. Bank balance as per cash book Rs. 20,000.
 - b. Cheques issued, but not cashed prior to Dec. 31, 2016 Rs. 4,000.
 - c. Interest on investments collected by the bank and credited in the pass book Rs. 2,000.
 - d. Bank charges debited in the pass book only Rs. 100.
 - e. Cheques paid into bank, but not cleared before Dec.31,2016 Rs.3,000.
 - f. Interest credited in the pass book only Rs.400.
 - g. Electricity bill paid by the bank under standing order Rs.300.

(Ans: Balance as per pass book Rs.23,000)
3. From the following particulars of Mr.Sagar, prepare Bank Reconciliation Statement as on June.30, 2017.
 - a. Bank balance as per cash book Rs. 80,000.
 - b. Out of cheques issued for Rs.10,000, cheques for Rs. 2,000 cashed before Jun. 30, 2017.
 - c. There was a wrong credit in the pass book for Rs.5,000.
 - d. Bank charges debited in the pass book only Rs. 300.
 - e. Out of Cheques amounting to Rs. 8,000 deposited into bank, Rs.3,000 only collected before Jun.30, 2017 Rs.3,000.
 - f. Payment received from a customer directly by the bank Rs.1,000
 - g. Bills discounted dishonoured Rs.4,000.

(Ans: Balance as per pass book Rs.84,700)
4. Prepare a Bank Reconciliation Statement as on May 31,2017.
 - a. The bank pass book of Mr. Anurag showed a balance of Rs. 10,000 on May 31, 2017.
 - b. Cheques issued, but not presented for payment Rs. 2,000.
 - c. The payments side of the cash book(bank column) was overcast by Rs.1000
 - d. Bank commission debited in the pass book only Rs. 100.
 - e. Cheques of Rs.4,000 deposited into bank, of which Rs.3,000 only collected in May.
 - f. Interest on bank balance credited in the pass book only Rs.200.
 - g. Club bill paid by the bank under Standing order Rs.900.

(Ans: Balance as per cash book Rs.8,800)
5. Prepare a Bank Reconciliation Statement as on Jan.31,2017.
 - a. The bank passbook of Mr.Tharun showed a balance of Rs. 55,000 on Jan.31, 2017.
 - b. Cheques issued before Jan. 31, 2017, but not presented for encashment until that date Rs.9,000
 - c. Two cheques of Rs. 3,900 and Rs. 2,100 were deposited into the bank on Jan. 31,2017 but the bank gave credit for the same in Feb.2017
 - d. There was also a debit in the pass book of Rs. 2,500 in respect of a cheque dishonoured on Jan. 31, 2017.
 - e. A bill receivable for Rs. 1,000 discounted with the bank was

dishonoured.

- f. Direct deposit into bank by a customer omitted in cash book Rs.3,500
- g. The debit side of the cash book(bank column) undercast by Rs. 1,000.

(Ans: Balance as per cash book Rs.51,000)

6. From the following particulars, prepare a Bank Reconciliation Statement of Mr. Vismay as on 30th April, 2017 and ascertain bank balance as it would appear in cash book:

- a. Bank pass book showed a balance of Rs.25,000 on 30th April.
- b. Bank charges of Rs.250 has been debited in the pass book, but not entered in the cash book.
- c. There was a wrong debit in the pass book for Rs.1,000.
- d. Cheques issued, but not encashed prior to 30th April, amounted to Rs.1,500.
- e. Cheques sent to bank for collection, but remained uncollected Rs.2,500.
- f. Interest on investments collected by the bank and credited in the pass book Rs.1,800.
- g. Payment by a cheque Rs.1,900 entered in cash book(bank column) as Rs.2,900.

(Ans: Balance as per cash book Rs.24,450)

7. From the following particulars of Mr.Kiran, prepare Bank Reconciliation Statement as on Dec. 31, 2016.

- a. Bank balance as per cash book Rs.75,000.
- b. Cheques issued, but not cashed prior to Dec. 31, 2016 Rs. 8,000.
- c. Interest on investments collected by the bank and credited in the pass book Rs.6000.
- d. Bank charges debited in the pass book only Rs. 500.
- e. Cheques paid into bank, but not cleared before Dec.31,2016 Rs.7,000.
- f. Interest credited in the pass book only Rs.1,000.
- g. Electricity bill paid by the bank under standing order Rs.800.

(Ans : Balance as per pass book Rs.81,700)

8. From the following particulars of Mr.Santhosh, prepare Bank Reconciliation Statement as on Jan.31, 2017.

- a. Bank balance as per cash book Rs. 40,000.
- b. Out of cheques issued for Rs.10,000, cheques for Rs. 6,000 cashed before Jan. 31, 2017
- c. There was a wrong credit in the pass book for Rs.2,000.
- d. Bank charges debited in the pass book only Rs. 400.
- e. Out of Cheques amounting to Rs. 8,000 deposited into bank, Rs.5,000 only collected before Jan.31, 2017 .
- f. Payment received from a customer directly by the bank Rs.2,000
- g. Bills discounted dishonoured Rs.5,000.

(Ans : Balance as per pass book Rs.39,600)

9. From the following particulars, prepare Bank Reconciliation Statement as on 31st Mar. 2017:
- a. Bank balance as per pass book Rs. 40,000.
 - b. Cheques issued, but not presented for payment Rs. 7,000.
 - c. Cheques paid into bank, but not collected by the bank Rs.6,000.
 - d. Interest on investments amounting to Rs.1,500 appeared only in the pass book.
 - e. Direct deposit into the bank by a customer Rs.2,000
 - f. Interest on bank deposits Rs.4,300 credited in the pass book only.
 - g. Bank charges Rs.300 debited in the pass book only.
- (Ans: Balance as per cash book Rs.31,500)**
10. The cash book shows a bank balance of Rs.7,800. On comparing the cash book with passbook the following discrepancies were noted. Prepare Bank Reconciliation Statement:
- a. Cheque desposited into bank, but not credited Rs.3,000
 - b. Cheque issued, but not yet presented for payment Rs.1,500
 - c. Insurance premium paid by the bank Rs.2,000
 - d. Bank interest credited by the bank Rs.400
 - e. Bank charges Rs.100 debited in the pass book.
 - f. Directly deposited by a customer Rs.4,000
- (Ans : Balance as per pass book Rs.8600)**
11. From the following particulars, prepare Bank Reconciliation Statement as on 31st Mar. 2017:
- a. Bank balance as per pass book Rs. 30,000
 - b. Cheques issued, but not presented for payment Rs.5,000.
 - c. Cheques deposited into bank, but not collected Rs.4,000.
 - d. Dividend on shares collected by the bank and credited in the pass book only Rs. 4,000.
 - e. Electricity bill is paid by the banker and debited in the pass book only Rs. 1,000
 - f. Interest on bank deposits Rs.2,500 and Bank charges Rs. 500 are recorded in the pass book only.
- (Ans: Balance as per cash book Rs.24,000)**
12. The bank pass book of Mr. Manoj showed a balance of Rs. 18,000 on Jan.31, 2017.
- a. Cheques issued before Jan. 31, 2017, but not presented for encashment until that date Rs.2,000
 - b. Two cheques of Rs. 1,600 and Rs. 1,400 were deposited into the bank on Jan. 31,2017, but the bank gave credit for the same in Feb.2017
 - c. There was also a debit in the passbook of Rs. 1,500 in respect of a cheque dishonoured on Jan. 31, 2017.
 - d. A bill receivable for Rs. 1,000 discounted with the bank was dishonoured.
 - e. Direct deposit into bank by a customer omitted in cash book Rs.1,300
 - f. The credit side of the cash book(bank column) overcast by Rs.

200. Prepare a Bank Reconciliation Statement as on Jan.31,2017.

(Ans: Balance as per cash book Rs.20,000)

Dealing with overdraft (unfavorable balance)

13. Overdraft shown by the pass book of Mr. Murali is Rs.20,000.

Prepare Bank Reconciliation Statement as on Dec. 31, 2016.

- a. Bank charges debited as per pass book Rs.500.
- b. Cheques received recorded in the cash book(bank column), but not sent to the bank for collection Rs.2, 500.
- c. Received a payment by bank directly from a customer Rs.4, 600.
- d. Cheque issued, but not presented for payment Rs.6, 980.
- e. Interest on overdraft debited by the bank Rs.100.
- f. Insurance premium paid by bank Rs.2, 500.
- g. Cheques deposited into the bank, but not collected Rs.3, 500.

(Ans: Overdraft as per cash book Rs.22,480)

14. On 31-03-2017 the pass book of Mr. Swamy showed a bank overdraft of Rs.12,000. From the following particulars, prepare a Bank Reconciliation Statement as on 31-03-2017.

- a. Out of total cheques amounting to Rs.6,000 issued on 10-03-2017, cheques of Rs.4,000 only were cashed so far.
- b. Cheques paid into bank, but not cleared before 31-03-2017 amounted to Rs.3,000.
- c. There was a wrong debit of Rs.2,000 given in the pass book
- d. One of the customers directly deposited Rs.1,000 into bank for which there was no entry in the cash book.
- e. Dividend on shares collected by the bank and credited in the pass book amounted to Rs.1,500.
- f. There was a debit of Rs.500 in the pass book in respect of dishonoured cheque, but there was no corresponding entry in the cash book.

(Ans: Overdraft as per cash book Rs.11,000)

15. From the following particulars of Mr. Aditya, prepare Bank Reconciliation Statement as on July 31, 2016.

- a. Bank overdraft as per cash book Rs. 10,000.
- b. Cheques issued, but not presented for payment Rs. 3,000.
- c. Dividend on shares collected by the bank and credited in the pass book Rs.2,000.
- d. Interest on overdraft debited in the pass book only Rs. 500.
- e. A cheques deposited into bank, but not collected by the bank Rs.5,000.
- f. Direct deposit into bank by a customer Rs.4,000 for which no entry was made in cash book
- g. Insurance premium paid directly by the bank under standing order Rs.1,500.

(Ans: Overdraft as per pass book Rs.8000)

16. From the following particulars of Mr. Abhilash, prepare Bank Reconciliation statement as on Aug. 31, 2016.
- Bank overdraft as per cash book Rs. 20,000.
 - Cheques issued, but not cashed prior to Aug. 31, 2016 Rs. 6,000.
 - Interest on investments collected by the bank and credited in the pass book Rs. 3,000.
 - Bank charges debited in the pass book only Rs. 100.
 - Cheques paid into bank, but not cleared before Aug. 31, 2016 Rs. 2,000.
 - Credit side of the cash book (bank column) overcast by Rs. 600.
 - Bills discounted dishonoured Rs. 1,000

(Ans: Overdraft as per pass book Rs. 13,500)

17. From the following particulars of Asha & Co, prepare a Bank Reconciliation Statement on Oct. 31, 2016:

	Rs.
a. Overdraft as per pass book	20,000
b. Interest on overdraft debited in passbook only	2,000
c. Insurance Premium paid by the bank	200
d. Cheques issued, but not presented for payment	6,500
e. Cheques deposited, but not yet cleared	6,000
f. Wrongly debited by the bank	500
g. The receipt side of the cash book (bank column) was undercast by	100

(Ans: Overdraft as per cash book Rs. 17,900)

18. On 31-12-2016 the pass book of Mr. Swamy showed a bank overdraft of Rs. 6,000. From the following particulars, prepare a Bank Reconciliation Statement as on 31-12-2016.

- Out of total cheques amounting to Rs. 3,800 issued on 28-12-2016, cheques of Rs. 2,000 only were cashed so far.
- Cheques paid into bank but not cleared before 31-12-2016 amounted to Rs. 1,000.
- There was a wrong debit of Rs. 100 given in the pass book
- One of the customers directly deposited Rs. 300 into bank for which there was no entry in the cash book.
- Dividend on shares collected by the bank and credited in the pass book amounted to Rs. 200.
- There was a debit of Rs. 500 in the pass book in respect of dishonoured cheque, but there was no corresponding entry in the cash book.

(Ans: Overdraft as per cash book Rs. 6,700)

19. Prepare Bank Reconciliation Statement from the following particulars.
- Overdraft shown as per cash book on Dec. 31, 2016 Rs. 10,000.
 - Bank charges debited in the passbook Rs. 100
 - Interest on overdraft for six months ending Dec. 31, 2016 Rs. 380 debited in the passbook.

- d. Cheques issued, but not encashed prior to Dec. 31, 2016 amounted to Rs 2,150.
- e. Interest on investment collected by the bank and credited in the passbook Rs.600.
- f. Cheques paid into bank, but not cleared before Dec. 31, 2016 were Rs1,100.
- g. There was a wrong credit in the pass book for Rs, 830
(Ans : overdraft as per pass book Rs 8,000).

20. On December 31, 2016 the cash book of Mr.Puneeth showed an overdraft of Rs.6,920. From the following particulars prepare a Reconciliation Statement and ascertain the balance as per pass book.
- a. Debited by bank for Rs.200 on account of interest on overdraft and Rs.50 on account of charges for collecting bills.
 - b. Cheques drawn, but not encashed before Dec. 31, 2016 for Rs.4, 000.
 - c. The bank has collected interest and has credited Rs.600 in passbook.
 - d. A bill receivable for Rs.700 previously discounted with the bank had been dishonoured and debited in the passbook.
 - e. Cheques paid into bank, but not collected and credited before Dec. 31, 2016 amounted Rs.6, 000.
 - f. The debit side of the cash book(bank column) was under cast by Rs. 270.
(Ans: Overdraft as per Pass book Rs.9, 000)