

CBSE Test Paper 03
Ch-5 Bank Reconciliation Statement

1. State the causes of difference occurred due to time lag.
2. What is a bank overdraft?
3. State the need for the preparation of bank reconciliation statement.
4. The (Debit) balance at bank in Rahul's cash book on 30th April, 2013 is Rs 37,380. However, a cheque for Rs 43,410 received from Mahesh and a cheque for Rs 5,220 paid to A appear in the cash book, but not on the bank statement. Bank charges of Rs 13,500 have not been entered in the cash book. What is the balance shown in the bank statement on 30th April, 2013?
5. Prepare Bank Reconciliation statement as on 31st July 2013
 - i. Dr. Balance as per Cash Book is Rs. 20,000 as on 31st Jul 2013.
 - ii. Cheques for Rs. 5000 were deposited into the Bank in the month of July but only Cheques for Rs. 1000 were credited by bank till 31st July 2013.
 - iii. Cheques issued for Rs. 33000 in July, out of which a cheque for Rs. 13,800 was presented for payment on 3rd August, 2013.
 - iv. Bank charged Rs. 150 as Bank charges and credited interest of Rs. 400.
 - v. A customer directly deposited Rs. 2,500 in firm's bank A/C.
 - vi. Bank paid the insurance Premium of Rs. 1200 as per standing instruction on 25.7.2013.
6. Mohan & 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 as on 31st March 2018 according to the Cash Book (Bank column) of the firm

Overdraft as per Pass book	Rs.14,724
Cheque issued prior to 31st March 2018 but not presented till 31st March	Rs.6,429
Cheques paid into bank prior to 31st March 2018 but not credited till 31st March	Rs.9,751

Interest debited by the Bank but not entered in the Cash Book	Rs.607
Bank charges debited by Bank but not entered in the Cash Book	Rs.140
Transfer of funds from Account No. II to Account No. I recorded by the Bank on 31st March 2018 but entered in the Cash Book on 2nd April 2018	Rs.5,000

7. From the following particulars, you are required to ascertain the bank balance as would appear in the cash book of Ramesh as on October 31, 2017.
- Bank passbook showed an overdraft of Rs.16,500 on October 31.
 - Interest of Rs.1,250 on overdraft up to October 31, 2017, has been debited in the bank passbook but it has not been entered in the Cash Book
 - Bank charges debited in the bank passbook amounted to Rs.35
 - Cheques issued prior to October 31, 2018, but not presented till that date, amounted to Rs.11,500
 - Cheques paid into bank before October 31, but not collected and credited up to that date were for Rs.2,500
 - Interest on investment collected by the bankers and credited in the bank passbook amounted to Rs.1,800.
8. Following information has been given by Rajendra. Prepare a bank reconciliation statement as on 31st December, 2012, showing balance as per cash book.
- Debit balance shown by the pass book Rs 17,800.
 - Cheques of Rs 21,600 were issued in the last week of December but only cheques of Rs 14,800 were presented for payment.
 - Cheques of Rs 10,750 were presented to the bank. Out of them, a cheque of Rs 4,200 was credited in the first week of January, 2013.
 - A cheque of Rs 1,200 was debited in the cash book but was not presented in the bank.
 - Insurance premium paid by the bank Rs 1,450.
 - A bill of exchange of Rs 6,200 which was discounted with the bank was returned dishonoured but no entry was made in the cash book.
 - Bank charges and interest charged by the bank are Rs 350.

9. On 31st December, 2014, 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 pass book.

- i. Debited by bank Rs 200 on account of interest on overdraft and Rs 50 on account of charges for collecting bills.
- ii. Cheques drawn but not encashed before 31st December, 2014 for Rs 4,000.
- iii. The bank has collected interest and has credited Rs 600 in pass book.
- iv. A bill receivable for Rs 700 previously discounted with the bank had been dishonoured and debited in the pass book.
- v. Cheques paid into bank but not collected and credited before 31st December, 2014 amounted Rs 6,000.

10. Draw up a reconciliation statement.

- i. On 31 st March, 2013 bank pass book of Mohan showed a balance on Rs 15,000 to his credit.
- ii. Before that date, he had issued cheques amounting to Rs 8,000, of which cheques amounting to Rs 3,200 have so far been presented for payment.
- iii. A cheque of Rs 2,200 paid by him into the bank on 26th March, is not yet credited in the pass book.
- iv. He had also received a cheque for Rs 500 which although entered by him in the bank column of cash book, was omitted to be paid into the bank.
- v. On 30th March, a cheque for Rs 1,570 received by him was paid into the bank but the same was omitted to be entered in the cash book.
- vi. There was a credit of Rs 150 for interest on current account and a debit of Rs 25 for bank charges.

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Answer

1.
 - i. Cheques paid into the bank but not yet collected.
 - ii. Cheques issued by the bank but not yet presented for payment.
2. Overdrafts means when a firm withdraw more than its deposits from the bank, the situation will become bank overdraft and will be treated as liability of the business.
3. When a comparison is made between the pass book and cash book, the two balances do not tally, in order to reconcile (tally) both the balances, reconciliation statement is prepared.

4. **Bank Reconciliation Statement**
as on 30th April, 2013

Particulars	Plus(Rs)	Minus(Rs)
Favourable/Debit Balance as per Cash Book	37,380	
Add:- Cheques paid to A but omitted to be recorded in the bank statement	5,220	
Less:- Cheque received from Mahesh appear in the cash book, but payment not received as per the bank statement		43,410
Less:- Bank charges omitted to be recorded in the cash book		13,500
Overdraft/Debit/Unfavourable balance as per Pass Book	14,310	
	56,910	56,910

Hence, Balance shown on the Bank Statement or the Bank Passbook as on 30th April 2013 is Rs.14,310.

5. Bank reconciliation statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement.

It is normal for a company's bank balance as per accounting records to differ from the balance as per bank statement due to timing differences. Certain transactions are recorded by the entity that are updated in the bank's system after a certain time lag. Likewise, some transactions are accounted for in the bank's financial system before the company incorporates them into its own accounting system. Such timing differences appear as reconciling items in the Bank Reconciliation Statement.

The purpose of preparing a Bank Reconciliation Statement is to detect any discrepancies between the accounting records of the entity and the bank besides those due to normal timing differences. Such discrepancies might exist due to an error on the part of the company or the bank.

Bank Reconciling Statement as on 31st July 2013

PARTICULARS	+	-
ITEM	ITEM	
1. Balance as per Cash Book	20,000	-
2. Cheques deposited but not yet collected by the bank (5,000-1,000)	-	4,000
3. Cheques issued but not yet Present for payment	13,800	-
4. (a) Bank. Charges (b) Interest credited by the bank	-	150
5. Directly deposited by the customers not recorded in the Cash Book	2,500	-
6. Insurance Premium paid by the bank not recorded in Cash Book.	-	1,200
TOTAL	36,700	5,350
Balance as per pass Book (36,700-5,350)	31,350	

6.

BANK RECONCILIATION STATEMENT as on March 31 2018

Particulars	(+)	(-)
		14,724

Unfavourable balance as per Pass Book (Dr.)		
Cheques not yet presented		6,429
Cheques not yet credited	9,751	
Interest on Overdraft	607	
Transfer from A/c No. II to A/c No. 1		5,0000
Bank Charges	140	
Unfavourable balance as per Cash Book (Cr.) (B/f)	15,655	
	26,153	26,153

7.

BANK RECONCILIATION STATEMENT
as on October 31, 2017

Particulars	(+)	(-)
Overdraft as per Pass Book (Dr.)		16,500
Interest on overdraft charged by bank	1,250	
Bank charges charged by bank	35	
Cheques not yet presented		11,500
Cheques not yet collected	2,500	
Interest on investment		1,800
Overdraft as per Cash Book (Cr.) (B/f)	26,015	
	29,800	29,800

8.

BANK RECONCILIATION STATEMENT

Particulars	Plus (Rs.)	Minus (Rs.)
Overdraft as per Pass Book		17,800
Add: Cheque sent to bank but not yet credited	4,200	
Cheque debited in cash book but not sent to the bank	1,200	

Insurance premium paid by the bank	1,450	
Bill dishonoured but not recorded in the cash book	6,200	
Bank charges and interest charged by the bank	350	
Less: Cheque issued but not yet presented (21,600-14,800)		6,800
Overdraft as per Cash Book	11,200	
	<u>24,600</u>	<u>24,600</u>

9. **Bank Reconciliation Statement**
as on 31st December, 2014

Particulars	Amount (Rs)	Amount (Rs)
Overdraft/Credit/Unfavourable Balance as per Cash Book		6,920
Add: Cheque issued but not presented for payment	4,000	
Interest collected by bank has not credited in cash book	600	4,600
Less: Interest and collection charges debited by bank (200 + 50)	250	
Bill discounted with bank dishonoured	700	
Cheque sent to the bank for collection but not collected and credited by the bank	6,000	6,950
Overdraft/Debit/Unfavourable Balance as per Pass Book		9,270

Reconciling the two accounts helps determine if accounting changes are needed. Bank reconciliations are completed at regular intervals to ensure that the company's cash records are correct. They also help detect fraud and any cash manipulations.

10. **BANK RECONCILIATION STATEMENT**
as on 31st March, 2013

Particulars	Plus (Rs)	Minus (Rs)

Balance as per Pass book	15,000	
Cheques drawn but not yet presented		4,800
Cheques paid into bank but not yet credited	2,200	
Cheque debited in Cash book but omitted to be banked	500	
Cheque paid into Bank but omitted to be entered in cash Book		1570
Bank Interest		150
Bank charges	25	
Total	17,725	6520
Balance as per Cash Book	11,205	