



**Indian Accounting Association**

**Subject: Financial Accounting-I**

Unit -III

**Bank Reconciliation Statements**

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## Unit-III: Bank Reconciliation Statements

### Learning Objectives:

**After studying this study material students would enable to understand:**

- ✓ Meaning and Need of Bank Reconciliation Statement
- ✓ Reason of Difference Between Cash Book and Pass Book
- ✓ Presentation & Preparation of Bank Reconciliation Statement
- ✓ Preparation of Bank Reconciliation Statement when Extract of Cash Book & Pass Book Given
- ✓ Preparation of Bank Reconciliation Statement from Amended
- ✓ Cash Book Balance.

### **3.1 Bank Reconciliation Statement: Meaning**

Bank Reconciliation Statement is a statement prepared by the Account Holder on a particular date which contains a complete and satisfactory explanation about the reasons of differences in balances as per the Cash Book and Bank Statement or Pass Book. It is not a part of the double entry book-keeping system. It is a technique to reconcile Bank Balance in Cash Book with the Bank Balance as per Bank Pass Book or Bank Statement.

### **3.2 Need for Bank Reconciliation:**

Bank Reconciliation Statement is prepared for the following important reasons:

- It reflects the actual Bank Balance position on a particular date.
- It ascertains the actual causes of disagreement between bank balance as per cash book and Bank Balance as per Pass Book.
- It prevents frauds and errors in recording the banking transactions.
- It reflects undue delay in the clearance of cheques deposited.
- It directly controls the embezzlements of cash.
- It identifies the transactions recorded by one party but not by another party.
- It helps to control the various banking transactions.
- It helps in maintaining the goodwill of the concerns as actual bank balance can know from this statement.

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## 3.3 Reasons for differences in Bank Balance as per Cash Book and Pass Book:

The differences in the balances as per Cash Book and Bank statement or Bank pass book arises mainly for the following three reasons:

**01. Difference due to timing in recording the transactions:** There is always a time gap between recording the transactions in customer's book and bank's book. For example, a cheque issued to a party is recorded in the Cash Book immediately but the bank will record it only when it makes payment against that cheque. Similarly, a cheque deposited in the Bank is recorded in the Cash book immediately, but the bank will credit it only when it is cleared. Thus, there is always a time gap in recording the transactions in Cash Book and the Pass Book or Bank statement.

**02. Difference due to Transactions Recorded by the Bank but not by Account Holder:** Sometimes transactions are recorded by the Bank before the business as the Bank has earlier information about the transactions. For example Bank charges debited or Interest credited by the bank. The account holders record them after receiving the Bank Statement. Such transactions lead to difference between balance as per Cash Book and Balance as per Pass Book or Bank statement.

**03. Difference due to Errors:** Some differences in balances of Cash Book and Bank Statement or Pass Book may arise owing to errors committed by the bank or by the Account Holder. For example wrong balance may be carried forward or a transaction may not have been recorded in the Cash Book.

In case of first two reasons discussed above, neither Bank nor Account Holder is wrong and no rectification is required but for the third reason, the books are required to be properly rectified.

## 3.4 Some of the items that causes difference:

The items are:

- Cheques issued but not presented for payment;
- Cheques deposited but not credited;
- Bank charges not entered in the Cash Book;
- Dividend/ other income directly collected by the Bank;
- Direct deposit made by the customers;
- Expenses paid by the Bank as per standing order but not entered in Cash Book;
- Interest credited by the bank;
- Dishonor of a Cheque;

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- Any Errors and Omission.

### 3.5 Preparation of Bank Reconciliation Statement before Amendment of Cash Book:

Bank Reconciliation Statement before Amendment of Cash Book may prepare:

1. Bank Balance as per Cash Book:
  - a. With favourable Cash Book Balance
  - b. With Overdraft Cash Book Balance
2. Bank Balance as per Pass Book:
  - c. With favourable Pass Book Balance
  - d. With Overdraft Pass Book Balance

*The following procedure may be adopted while preparing Bank Reconciliation Statement:*

*In the Books of.....*

#### Bank Reconciliation Statement as on .....

Sl. No.	<i>Causes of Discrepancy/Disagreement</i>	<b>Adjustment if started with Cash Book</b>		<b>Adjustment if started with Pass Book</b>	
		Favourable Balance	Overdraft Balance	Favourable Balance	Overdraft Balance
01.	Cheques issued /drawn but not presented.	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
02.	Cheques deposited into bank but not credited.	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>less</i>
03.	Direct deposit made by customers into bank but not recorded in Cash Book.	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
04.	Interest, dividend , bills etc. collected by bank but not recorded in the Cash Book	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
05.	Bank directly collected dividend or any other incomes but not recorded in the Cash Book.	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
06.	Bank charges debited ion Pass Book but not Recorded in the Cash Book	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
07.	Interest on deposit credited by Bank but not recorded in the Cash Book.	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
08.	Bank charges interest on overdraft but not recorded in the Cash Book.	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
09.	Cheques deposited or bills discounted but dishonoured	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
10.	Bank credited interest but not intimated	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
11.	Cheques issued but not recorded in Cash Book	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
12.	Cheques issued but returned dishonoured	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
13.	Cheques deposited but dishonoured not recorded in the Cash Book	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
14.	Cheques issued but not recorded in the Cash Book	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>

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15.	Cheques deposited but omitted to record in the Cash Book	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>
16.	Debit side of the bank column in the Cash Book overcast.	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
17.	Credit side of the bank column in the Cash Book overcast.	<i>Less</i>	<i>Add</i>	<i>Add</i>	<i>Less</i>
18.	Cheques deposited but wrongly debited in the Pass book.	<i>Less</i> <i>(Double amount)</i>	<i>Add</i> <i>(Double amount)</i>	<i>Add</i> <i>(Double amount)</i>	<i>Less</i> <i>(Double amount)</i>
19.	Cheques issued but wrongly entered in the debit side of Cash Book	<i>Less</i> <i>(Double amount)</i>	<i>Add</i> <i>(Double amount)</i>	<i>Add</i> <i>(Double amount)</i>	<i>Less</i> <i>(Double amount)</i>
20.	Bank charges recorded twice in the Cash Book.	<i>Add</i>	<i>Less</i>	<i>Less</i>	<i>Add</i>

### Bank Reconciliation Statement before Amendment of Cash Book

A. *When Bank Balance favourable as per Cash Book :*

01. From the following particulars prepare a Bank Reconciliation Statement of Mr. S. Sarkar as on 31<sup>st</sup> December, 2020.
  - a. Bank balance as per Cash Book Rs. 12,500
  - b. During the month of December cheques for Rs.3,000 were issued to M/S Dutta & Co., but encashed after 31.12.2020.
  - c. On 20.12.2020, a cheque for Rs.2,000 was deposited into bank which has been entered in the pass book on 16.01.2021. Another cheque for Rs.1,500 debited in the cash book but omitted to send to the bank.
  - d. During the month a cheque for Rs.1,000 was received from his employer and sent to the bank without recording in the cash book.
  - e. Bank charges for Rs. 100 were debited in the pass book but not entered into Cash Book.
  - f. On 31.12.2020, Bank credited to the Pass Book with Rs.350 as interest but no entry for this was made in the cash book.
  - g. Dividend of Rs.750 were collected by the Bank and credited in the pass book but not debited in the Cash Book.
  - h. Insurance premium of Rs.400 was paid by the bank on 28.12.2020, but no entry for this was made in the Cash Book.
  - i. A cheque for Rs.900 received from M/S Pawan & Co, was dishonoured, but it was not entered into the Cash Book.
  - j. As per instruction given by Mr. S. Sarkar, the bank met a liability for Rs.300 and debited the pass book, but not entered into the cash book.

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**Solution:**

**In the books of S. Sarkar**  
**Bank Reconciliation Statement as at 31<sup>st</sup> December, 2020**

Particulars	Amount Rs.	Amount Rs.
<b>Bank Balance as per Cash Book (Dr.)</b>		12,500
Add:		
b. Cheques issued but not presented into the bank within 31 <sup>st</sup> . December ,2020	3,000	
d. Cheque deposited into bank, but not recorded in the Cash Book	1,000	
f. Bank credited interest but not recorded in the cash book	350	
g. Dividend directly collected by the bank but not recorded in Cash book.	750	5,100
		17,600
Less:		
c. Cheque deposited into Bank but credited after 31 <sup>st</sup> . December,2020	2,000	
c. Cheque debited in the Cash Book but omitted to send to Bank.	1,500	
e. Bank charges debited in the Pass Book but not entered into Cash book.	100	
h. Insurance premium paid by Bank but not recorded in the cash book.	400	
i. Cheque dishonoured but not recorded in the Cash Book.	900	
j. As per instruction bank met a liability but not entered into the Cash Book.	300	5,200
		12,400
<b>Bank Balance as per Pass Book (Cr.)</b>		

*B. When Overdraft as per Cash Book :*

02. From the following particulars prepare the Bank Reconciliation Statement:

- i. Bank overdraft as per Cash Book Rs. 16,200.
- ii. A cheque deposited as per bank statement but not recorded in the Cash Book Rs.700.
- iii. Debit side of the Bank column cast short by Rs.100.
- iv. A cheque for Rs.5,000 deposited but collection as per Bank Statement Rs.4,996
- v. A party's cheque returned dishonoured as per Bank Statement only Rs.530.
- vi. Bills collected directly by the Bank Rs. 3,500.
- vii. Bank charges recorded twice in the Cash Book Rs.25.
- viii. A bill for Rs. 8,000 discounted for Rs.7,960 returned dishonoured by the Bank, noting charges being Rs.15.

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- ix. Cheques deposited but not yet collected by the Bank Rs.2,320.
- x. Cheques issued but not yet presented for encashment Rs.1,250.

**Solution:**

**In the books of .....**  
**Bank Reconciliation Statement as at .....**

Particulars	Amount Rs.	Amount Rs.
<b>Bank Overdraft as per Cash Book (Cr.)</b>		16,200
Add:		
iv. Cheque for Rs.5,000 deposited but collected as per Bank Statement Rs.4,996	004	
v. Cheque dishonoured as per Bank Statement but not entered into Cash book.	530	
vii. Bills discounted and dishonoured by the Bank, noting charges being Rs.15 (8000 + 15)	8,015	
ix. Cheque deposited but not collected by Bank	2,350	
		10,869
		27,069
Less:		
ii. Cheque deposited but not recorded in the Cash Book.	700	
iii. Debit side of the Bank Column Cash short.	100	
vi. Bills collected directly by Bank but not entered into Cash Book.	3,500	
vii. Bank charges recorded twice in the Cash Book.	25	
x. Cheque issued but not presented for payment	1,250	
		5,575
<b>Bank Overdraft as per Pass Book (Dr.)</b>		21,494

*C. When Bank Balance favourable as per Pass Book :*

03. On 31<sup>st</sup> March, 2021, a Bank statement was received by your client. The balance at Bank, as shown by the Bank Statement, on behalf of your client as on that date, was Rs.10,500. This balance did not agree with the Cash Book Balance. On inquiry the following points were discovered :

- i. On 28<sup>th</sup> March, 2021, three cheques of Rs.500, Rs.600 and Rs.1,200 were deposited by your client, but these cheques were not credited by the Bank during the period.

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- ii. On 27<sup>th</sup> March, 2021, the client issued two cheques of Rs.750 and Rs. 350 to his creditors, but these were not presented by them to the Bank for payment.
  - iii. An interest amounting to Rs.150 was credited in the bank statement but it was not entered into the Cash Book.
- You have been requested to ascertain the correct balance as per Cash Book.

**Solution:**

**In the books of .....**  
**Bank Reconciliation Statement as at 31<sup>st</sup> March, 2021**

Particulars	Amount Rs.	Amount Rs.
<b>Bank Balance as per Pass Book (Cr.)</b>		10,500
Add:		
i. Cheques deposited but not credited by the bank within 31 <sup>st</sup> March, 2021 ( 500+600+1200)		2,300
		12,800
Less:		
ii. Cheques issued but not presented to the Bank for the payment (750+350).	1,100	
iii. Interest credited by the Bank but not entered into Cash Book	150	
		1,250
<b>Bank Balance as per Cash Book (Dr.)</b>		11,550

*D. When Overdrawn bank balance as per Pass Book :*

04. From the following information , ascertain the Cash Book balance of Sri B. Biswas as on 31<sup>st</sup> December 2020:
- i. Balance as per Bank Pass Book (Dr.) Rs.1.237.
  - ii. Cheques drawn on 30<sup>th</sup>. September 2020, but not cleared till January, 2021, Rs.125, Rs.329 and Rs.248.
  - iii. A cheque amounting to Rs. 198 deposited on 20<sup>th</sup>, December, 2020, but the same was returned by the bank on 24<sup>th</sup>. December, 2020 for which no entry was made in the Cash Book.
  - iv. Four bills amounting to Rs.200, Rs.569, Rs. 320 and Rs.420 were collected by Bank but no entry was made in the Cash Book.
  - v. A bill for Rs.500 due from S. Das previously discounted for Rs.484 was



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- dishonoured and the bank debited the account, but no entry was made in the cash book.
- vi. Interest on overdraft and bank charges of Rs.29 and Rs.10 respectively, were not taken into account in the Cash Book.
  - vii. A cheque for Rs.142 was debited twice in the Cash Book.

**Solution:**

**In the books of Sri B. Biswas  
Bank Reconciliation Statement as at 31<sup>st</sup> December, 2020**

Particulars	Amount Rs.	Amount Rs.
<b>Bank Overdraft as per Pass Book (Dr.)</b>		1,237
Add:		
ii. Cheque drawn but not cleared within 31 <sup>st</sup> , December 2020 ( 125+329+248)	702	
iv. Bills collected by Bank but no entry made in Cash Book ( 200+560+320+420)	1,500	2,202
		3,439
Less:		
iii. Cheque deposited and returned by the Bank but not recorded in the Cash Book.	198	
v. Bill dishonoured but no entry made in the cash book.	500	
vi. Interest on overdraft and bank charges not recorded in the cash book (29+10)	39	
vii. Cheque debited twice in the cash book.	142	
		879
<b>Bank Overdraft as per Cash Book (Cr.)</b>		2,560

### 3.6 Preparation of Bank Reconciliation Statement after Amendment of Cash Book:

If Bank Reconciliation Statement is prepared during the different months of the financial year, adjustment of the Cash Book is optional. But adjustment or amendment is must if Bank Reconciliation Statement is prepared at the end of financial year as adjusted Cash Balance is to be shown in Balance Sheet. Cash Book is corrected by recording the different entries like interest on overdraft balance, Bank Charges, Interest credited by Bank etc. At the end of the year, Bank Reconciliation Statement is prepared with corrected Cash Book Balance.

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*Steps involves in preparation of Bank Reconciliation Statement after Amendment of Cash Book:*

*Step-1:* Draw up a Cash Book having Bank Column only.

*Step-2:* Pass entries in the Cash Book in respect of the following:

- a. Amount recorded in the Pass Book but not recorded in the Cash Book, like Bank charges, direct payment etc.
- b. Rectifying the entries in respect of various errors committed in the Cash Book, like over or under casting of Bank column, Cheques issued but not recorded in Bank column etc.

*Step-3:* Balance off / Find out adjusted balance of the Cash Book which is the starting point of preparation of Bank Reconciliation Statement (after Amendment of Cash Book).

*Step-4:* Prepare Bank Reconciliation Statement in usual manner leaving the items which already have considered at the time of preparation of Amendment Cash Book.

### **Example of Bank Reconciliation Statement after Amendment of Cash Book**

05. According to the Cash Book of A, there was a balance of Rs.1,050 in favour on 30<sup>th</sup> June 2021, in his business bank account. However, according to his Bank Statement this account was overdrawn. On investigation you find that:
- i. The receipts column of the Cash Book has been over added by Rs.1,100.
  - ii. Cheques drawn and entered in the Cash Book in June, 2021, amounting to Rs.1,670 were not presented until July, 2021.
  - iii. Discount received from a supplier of Rs.100 had been included with the cheque entered in the Bank column of the Cash Book in April, 2021.
  - iv. An amount of Rs.750 paid directly into A's account by a customer in May, 2021 had not yet been entered in the Cash Book.
  - v. A cheque payment of Rs.1,230 in April, 2021 had been entered in the Cash Book as Rs.1,320.
  - vi. The Bank had charged the Business Account with a cheque for Rs.2,200 in February 2021, which should have been passed through A's Private Account.
  - vii. Bank charges of Rs.80 at 31<sup>st</sup> December, 2020 and Rs.100 at 30<sup>th</sup> June, 2021 had not yet been entered in the Cash Book.
  - viii. Cheques to the value of Rs.3,780 received from customers were recorded in the Cash Book on 28<sup>th</sup> June 2021, but not entered by the Bank until 2<sup>nd</sup> July, 2021.

You are required:

- a. to show the necessary adjustment in the Cash Book of A, bringing down the correct balance as on 30<sup>th</sup> June 2021.
- b. to prepare a Bank Reconciliation Statement as on that date.

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**Solution: (a)**

**In the Books of A**

Dr.

**Cash Book (Bank Column only)**

Cr.

Date	Particulars	V. N.	L. F.	Rs.	Date	Particulars	V. N.	L. F.	Rs.
2021 June 30	To, Balance b/d To, Discount received (iii) (Discount received wrongly entered in the Bank column of Cash Book) To, Debtors (iv) (Customers directly paid into Bank) To, Error (v) (Cheque payment of Rs.1,230 wrongly entered as Rs.1,320)			1,050 100  750 90  1,990	2021 June 30	By, Error (i) (Overcasting in debit side of Bank column) By, Bank Charges (vii) ( Bank charges not yet recorded in the Cash Book)  By, Balance c/d			1,100  180  710  1,990
July 01	By, Balance b/d			710					

**(b)**

**In the books of A**

**Bank Reconciliation Statement as at 30<sup>th</sup> June, 2021**

Particulars	Amount Rs.	Amount Rs.
<b>Bank Balance as per Cash book (Dr.)</b>		710
Add:		
ii. Cheque drawn but not presented within 30 <sup>th</sup> . June 2021		1,670
Less:		
vi. Bank charged Business Account ,which should passed through A's Private A/C	2,200	
viii. Cheque recorded in the Cash Book but not entered by the Bank until 2 <sup>nd</sup> July, 2021	3,720	
		5,980
<b>Bank Balance as per Pass Book (Dr.)</b>		3,600

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## 3.7 Objective Type Questions

Select the Correct Alternative:

[1 Mark Each]

- I. Bank Reconciliation Statement is Prepared:
- Whenever a Bank Reconciliation statement is received from bank.
  - At the end of each month.
  - At the end of each month.
  - At the end of each accounting year. (Answer: a)
- II. Bank Reconciliation Statement is prepared under:
- Single Entry System;
  - Double Entry System
  - Cash Basis of Accounting
  - It is not related to books of Accounts (Answer: d)
- III. Bank Reconciliation Statement is prepared so that the under mentioned difference can be reconciled.
- Difference in the Pass Book and Cash Book Balances.
  - Difference in the Cash and Bank Balances.
  - Difference in the Cash Book and Pass Book Balances.
  - All of the above. (Answer: a & c)
- IV. Which of the following is not a reason for discrepancy in the balance of Cash Book and the Bank Statement?
- Deposit not credited
  - Un-presented Cheques
  - Post –dated Cheques
  - Direct Payment (Answer: c)
- V. Which of the following indicate credit balance in the Cash Book
- Cash in hand
  - Cash at bank
  - Bank overdraft
  - Debit bank balance (Answer: c & d)
- VI. Bank Reconciliation Statement is prepared by
- Debtors
  - Creditors
  - Bankers

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- d. Account Holders (Answer: d)
- VII. Records show that your current account balance is Rs.2,000 overdrawn. When you receive your Bank Statement, you find that one of your debtors has deposited Rs.800 into your account and bank charges Rs.50 has been debited to your account. Your bank statement balance is
- a. Rs.1,520
  - b. Rs.2,620
  - c. Rs.4,200
  - d. Rs.1,250 (Answer: d)
- VIII. Which one of the following is not a reason for the disagreement between Cash Book balance and Bank Statement Balance
- a. Bank Charges not yet recorded in the Cash Book
  - b. Interest credited in the pass book but not yet recorded in the cash book
  - c. Error (S) in the Cash Book
  - d. Bank overdraft (Answer: d)
- IX. The bank had agreed with the customers to remit periodic payment at a specified date on behalf of his client. Such service provides by bank is known as
- a. Standing order
  - b. Electronic transfer
  - c. Account transfer
  - d. Mutual transfer (Answer: a)
- X. Bank Reconciliation Statement can reconcile
- a. Cash Book and Petty Cash Book
  - b. Debtors and Creditors
  - c. Bank column of Cash Book and Bank Pass book
  - d. Closing stock and closing cash balance (Answer: c)

### 3.8 Theoretical Questions

01. What is a Bank Reconciliation Statement?
02. What are the various causes of disagreement between the balance shown by the Cash Book and the balance shown by the Pass Book?
03. Why a Bank Reconciliation Statement is prepared?
04. What is “Amended Cash Book” in Bank Reconciliation Statement? Discuss the methods of its corrections.
05. Discuss the method of preparing a Bank Reconciliation Statement.

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## 3.9 Practical Questions

*Reconciliation from Favourable Cash Book Balance:*

1. From the following particulars of P. Pyne, Prepare a Bank Reconciliation Statement as on 31<sup>st</sup> December 2020:
  - a. Debit balance as per Cash book Rs.10,000
  - b. A cheque for Rs.500 issued in favour of Sagar has not been presented for payment.
  - c. A bill for Rs. 700 retired by Bank under a rebate of Rs.20, the full amount of the bill was credited in the Cash Book.
  - d. A cheque for Rs.295 deposited in the Bank, has been dishonoured.
  - e. A sum of Rs.800 deposited in the Bank has been credited as Rs.80 in the Pass Book.
  - f. Payment side of the Cash Book has been under cast by Rs.200.
  - g. A bill receivable for Rs.1,000 (discounted with the bank in November, 2020) dishonoured on 31<sup>st</sup> December, 2020.

*[Answer: Bank Balance as per Pass Book Rs.8,305]*

*Reconciliation from Overdraft Cash Book Balance:*

2. From the following particulars of Mr. J. Koley, prepare a Bank Reconciliation Statement as on 30<sup>th</sup> April 2020.
  - a. Bank Overdraft as per Cash book Rs.7,050.
  - b. During the month, the total amount of cheques for Rs.12,400 was deposited into the Bank, but of these one cheque for Rs.1,860 has been entered into Pass Book on 10<sup>th</sup> May of 2020.
  - c. During the month cheques for Rs.14,930 were drawn in favour of creditors. Of them, one creditors for Rs.6,430 encashed his cheque on 10<sup>th</sup> May, whereas another for Rs.720 has not yet encashed his cheque.
  - d. As per instruction, the bank on 28<sup>th</sup> April had paid out Rs.1,750 to a creditors, but by mistake the same has not yet been entered in the Cash book.
  - e. According to agreement, on 28<sup>th</sup> April, a debtors had directly deposited into the Bank Rs.1,500 but the same has not been recorded in the Cash Book.
  - f. In the month of April, the Bank, without any intimation had debited his account for Rs.20 as Bank charges and credited the same for Rs.30 as interest for the last year.

*[Answer: Bank Overdraft as per Pass Book Rs.2,000]*

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### *Reconciliation from Favourable Pass Book Balance:*

3. From the following particulars of Mr. S. Das, Prepare a Bank Reconciliation Statement as on 31<sup>st</sup> March 2021.
- i. Bank Balance as on 31<sup>st</sup> March 2021 as per Pass Book Rs. 15,200.
  - ii. Bank charges debited but not entered in the Cash Book Rs. 130.
  - iii. Cheque deposited to Bank but not credited in the Pass Book Rs.7,000.
  - iv. A cheque entered as a deposit in the Cash Book instead of a payment Rs.220.
  - v. Rs.364 paid into Bank had been entered twice in the Cash Book.
  - vi. The receipts column of the Cash Book has been overcast by Rs.1,000.
  - vii. A cheque drawn for Rs. 9 had been incorrectly entered in the Cash Book as Rs.99.
  - viii. Cheques issued but not presented to Bank for payment Rs.2,000.

*[Answer: Bank Balance as per Cash Book Rs.22,044]*

### *Reconciliation from Overdraft Pass Book Balance:*

4. Prepare a Bank Reconciliation Statement as on 30.11.2020, from the following information of Mr. A. Pramanik:
- i. Balance as per Pass Book on 30.11.2020 Overdrawn Rs.9,204.
  - ii. Cheques drawn on 30.11.2020 but not cleared till Dec.2020. Rs.3,225, Rs.745 and Rs.926.
  - iii. Bank Overdraft interest charged on 28.11.2020, not entered in Cash Book Rs.1,610.
  - iv. Cheques received on 29.11.2020 entered in Cash Book but not deposited to Bank till 3<sup>rd</sup> December 2020, Rs.11,322 and Rs.1,730.
  - v. Cheque received amounting to Rs.35 entered in the Cash Book twice.
  - vi. Bills Receivable due on 29.11.2020 was sent to Bank for collection on 28.11.2020, and was entered in Cash Book forthwith but the proceeds were not credited in Bank Pass Book till 3<sup>rd</sup> December 2020, Rs.2,980.
  - vii. A periodic payment by Bank for Rs.80 understanding instruction not entered in Cash Book.
  - viii. Cheque deposited on 30<sup>th</sup> November, 2020 dishonoured but the entry was not made in the Cash Book Rs.1,890.

*[Answer: Bank Balance as per Cash Book Rs.5,547]*

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### *Reconciliation after Amendment of Cash Book:*

5. On examination of the Bank Pass Book of Hariram Ltd, it is found that the balance shown on 31<sup>st</sup> March, 2021, the closing date of the company's financial year, differ from the Bank Balance of Rs.23,650 as shown by the Cash Book on that date. From a detailed comparison of the entries it is found that:
- a. Rs. 2,860 is entered in the Cash Book as paid into Bank on 31<sup>st</sup> March, 2021, but not credited by the bank until the following day.
  - b. Bank charges of Rs.70 on 31<sup>st</sup> March, 2021 are not entered in the Cash Book.
  - c. A bill for Rs.5,500 discounted with the bank is entered in the Cash Book without recording the discount charge of Rs.270.
  - d. Cheques totaling Rs.16,720 were issued by the company and duly recorded in the Cash Book before 31<sup>st</sup> March, 2020 but had not been presented at the Bank for payment until after that date.
  - e. On 25<sup>th</sup> March, 2021 a debtor paid Rs.1,000 into company's Bank in settlement of his Account in the Company's Sales Ledger but no entry was made in the Cash Book of the Company in respect of this.
  - f. No entry has been made in the Cash Book to record the dishonour on 15<sup>th</sup> March, 2021 of a cheque for Rs.350 received from N.Naskar.

You are required:

- a. to show the necessary adjustment in the Cash Book of Hariram Ltd, bringing down the correct balance as on 31<sup>st</sup> March 2021.
- b. to prepare a Bank Reconciliation Statement as on that date.

*[Answer: Bank Balance as per Amended Cash Book Rs.23,760 (Dr.), Bank Balance as per Pass Book Rs.37,620 (Cr.)]*