# NCERT SOLUTIONS

## CLASS - 11th



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Class : 11th

Subject : Accountancy

Chapter : 5

Chapter Name : Bank Reconciliation Statement

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

Answer. Bank reconciliation statement is prepared to balance the disparity between cash book and pass book.

The need to prepare Bank Reconciliation Statement are given below.

- → It helps in finding out the errors and omissions committed in the Cash Book and the Pass Book.
- → It shows uncleared cheques, which have already been debited in the Cash Book but have not been yet recorded in the Pass Book.
- → It helps in checking misappropriation of money from the bank account.
- → It helps in measuring the accuracy of the transactions recorded in the Cash Book.
- → It facilitates in preparing revised Cash Book that reflects true bank balance.

Page : 174 , Block Name : Short Answer

Q2 What is a bank overdraft?

Answer. Bank overdraft is a liability to an account holder. When the account holder withdraws excess amount over the available bank balance, there runs a negative bank balance. The negative bank balance is an obligation to the account holder and is called bank overdraft. Simply, bank overdraft is the excess of withdrawal over deposits.

Page : 174 , Block Name : Short Answer

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

Answer. Amount wrongly debited by the bank implies a situation when the bank wrongly debits a Pass Book. The following are the common mistakes that occur in the Pass Book when bank wrongly debits the Pass Book.

Mistake occurs when any two account holders' Names are identical. For example, a cheque of Rs 2,000 issued by Mr. Singh was wrongly paid through Mr. Sinha's account.

Mistake occurs in case a person has more than one account in a bank. For example, a cheque of Rs 1,000 issued from his Current Account was wrongly paid through his Savings Account.

Sometimes amounts of cheques are wrongly recorded. For example, payment of Rs 2,000 through cheque was wrongly debited in the Pass Book as Rs 20,000.

Page : 174 , Block Name : Short Answer

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

Answer. The causes of differences that occur due to time lag are given below.

- → When issued cheques are not presented for payment in the period for which Bank Reconciliation Statement is being prepared, i.e., date of issue and the date of presenting the cheques are not the same.
- → Cheques are debited in the Cash Book on the date mentioned on it, while in the Pass Book, cheques are debited when they are presented for the payment. Sometimes, the holder of a cheque does not present the cheque for payment on date which is mentioned on Cheque. The time gap between the date of issue and the date of presenting cheque for payment in the bank may lead to difference between the Cash Book and the Pass Book balances.
- → When deposited cheques are not cleared in the period for which the Bank Reconciliation Statement is being prepared.

Usually, date of deposit of cheque and date of clearance are not same as the clearance of cheque takes time. The difference between the Cash Book and the Pass Book balances arise when a cheque is deposited at the end of a period for which the Bank Reconciliation Statement is prepared and the cheque gets clearance in the subsequent period.

Page : 174 , Block Name : Short Answer

Q5 Briefly explain the term favourable balance as per cash book

Answer. Favourable balance (Debit Balance), as per the Cash Book, is an asset to an account holder. It is also known as debit balance as per the Cash Book. Favourable balance is the excess of credit side over the debit side of the bank column of a Cash Book. In other words, favourable balance means excess of deposits over withdrawals.

Page : 174 , Block Name : Short Answer

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

Answer. Generally, differences between the Cash Book and the Pass Book arise due to the reason that items have not been recorded in the Cash Book. In order to ascertain the correct Cash Book balance, we need to prepare Corrected (Adjusted) Cash Book. The below given steps are involved in the preparation of Corrected (Adjusted) Cash Book.

Step 1: Note down the bank balance as per the Cash Book.

Step 2: Rectify all the errors committed in the Cash Book.

Step 3: Enter those transactions in the debit of the Cash Book, which are credited in the Pass Book.

Step 4: Enter those transactions in the credit of the Cash Book that are debited in the Pass Book.

Step 5: The Cash Book is totalled and balancing figure is calculated. This balancing figure is use for preparing BRS.

Page : 174 , Block Name : Short Answer

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

Answer. Bank Reconciliation Statement is a statement prepared for determining causes of differences and reconciling bank balance (as per the Cash Book) with the balance as per the Pass Book or vice versa.

In day to day affairs, an individual or organisation makes numerous transactions through bank. Along with the copy of bank statement (i.e., the Pass Book), an individual or organisation needs to maintain a separate book (Cash Book) for recording the banking transactions. When large number of transactions are made through bank, the balance of the Cash Book may differ from the balance of the Pass Book.

There can be many reasons of differences between the Cash Book and the Pass Book, such as below given ones.

- → Deposit of cheque was recorded in the Cash Book at the time of deposit; however, was collected later or not collected by the bank.
- → Cheque issued was recorded in the Cash Book; however, was not recorded in the Pass Book in the month of issue. It was entered in the Pass Book in the next month when it was presented for payment in the bank.
- → Interest allowed by the bank is added in the pass book but not in the Cash Book.
- → Bank made payment for bills on due date. Rent, dividend etc. paid by bank, not recorded in the cash book.

Bank Reconciliation Statement (BRS) is prepared when the bank balance of the Cash Book is not equal to the balance shown by the Pass Book on the same date (when BRS is being prepared). In order to match the two respective balances, errors and omissions are to be located and rectified, which is the main rationale behind preparing the Bank Reconciliation Statement.

Specimen of Bank Reconciliation Statement

| Particulars | | Amount Rs (Add) | Amount Rs (Less) |
|---|---|---|---|
| Balance as per the Cash Book | | − | |
| Cheque issued but not presented | | − | |
| Cheque deposited but not collected | | | − |
| Balance as per the Pass Book | | | |
| | | | |

The need for preparation of Bank Reconciliation Statement is explained below.

- → It helps in finding out the errors and omissions committed in the Cash Book and in the Pass Book.
- → It shows uncleared cheques that have already been debited in the Cash Book but have not yet been recorded in the Pass Book.
- → It helps in checking misappropriation of money from the bank account.
- → It helps in measuring the accuracy of transactions recorded in the Cash Book.
- → It facilitates in preparing revised cash book that reflects a true bank balance.

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.

Answer. Below given are the reasons on account of which the balance shown by the bank Pass Book does not agree with the balance shown by the bank column of the Cash Book.

- → Differences due to time lag: In the following situations, differences may arise, if the date of recording transactions in the bank column of the Cash Book is not same to that of in the Pass Book.
- → Cheques issued by the firm but presented after the date that is mentioned on the cheque or still not presented in the bank: Usually, issue of a cheque is recorded in the bank column of the Cash Book on the date that is mentioned (mentioned date) on the cheque. Sometimes, the holder of the cheque does not present the cheque on the date which is mentioned on it. This may lead to differences in the balance between the Pass Book and the bank balance of the Cash Book.
- → Deposit of cheque recorded in the Cash Book at the time of deposit but collected later or not collected by the bank: Deposit of a cheque is recorded in the bank column of the Cash Book on the date when it is deposited in the bank for payment but bank records it in the Pass Book on the date of clearance. Usually, date of deposit and date of clearance are not the same. This difference in the two respective dates leads to a mismatch between the Pass Book and the bank balance of the Cash Book.
- → Transactions recorded only in the Pass Book: Transactions, like interest allowed by bank on the deposits, bank charges, etc., are recorded first in the Pass Book. After getting intimation from the bank, these are recorded in the bank column of the Cash Book. However, sometimes, due to delay in intimation of these transactions to the customers, the Cash Book remains not updated, which leads to the difference between the Pass Book and the bank balance of the Cash Book.

Below given are the examples that lead to such differences.

- → The transactions that reduce balance of the Pass Book and are recorded only in the Pass Book and not in the Cash Book are given below.
- → Bank charges, charged by the bank but not recorded in the Cash Book
- → Dishonour of a bill discounted by the bank
- → Interest charged by the bank on overdraft
- → Direct payment made by the bank as per the instructions of the accountholder
- → The transactions that increase the balance of the Pass Book and are recorded only in the Pass Book and not in the Cash Book are given below.
- → When intimation regarding interests and dividend collected by the bank is not given to the accountholder
- → Amount deposited by any customer directly into the bank
- → Interest credited (allowed) by the bank
- → Errors and omissions

→ Any error or omission committed in the Pass Book, such as double recording of a deposited cheque, wrong posting of amounts, current account cheque wrongly paid through saving account, etc., result in the difference of the balance between the Pass Book and the bank balance of the Cash Book.

Page : 174 , Block Name : Long Answer

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

Answer. Bank Reconciliation Statement can be prepared with the adjusted/amended bank column of the Cash Book by the below given steps.

Step 1: Note down the bank balance as per the Cash Book.

Step 2: Rectify all the errors committed in the Cash Book.

Step 3: Enter those transactions in the debit column of the Cash Book that are only in the credit column of the Pass Book.

Step 4: Enter those transactions in the credit column of the Cash Book that are only in the debit column of the Pass Book.

Step 5: After completing the above steps, the balance or the overdraft, as per amended Cash Book, arrives, with which Bank Reconciliation Statement can be prepared.

The performa of Bank Reconciliation Statement through amended balance is given below.

| Bank Reconciliation Statement, as on _____ | | | |
|---|---|---|---|
| Particulars | | Amount Rs (Add) | Amount Rs (Less) |
| Adjusted balance as per the amended the Cash Book | | – | |
| | Add: Cheque issued but not presented. | – | |
| | Less: Cheque deposited but not credit | – | – |
| Balance as per the Pass Book | | | |
| | | | |

Page : 174 , Block Name : Long Answer

Q1 From the following particulars, prepare a, bank reconciliation statement as at March 31, 2017.

(i) Balance as per cash book Rs 3,200

(ii) Cheque issued but not presented for payment Rs 1,800

(iii) Cheque deposited but not collected upto March 31, 2017 Rs 2,000

(iv) Bank charges debited by bank Rs 150

Answer. Bank Reconciliation Statement

as on March 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Balance as per the Cash Book | 3,200 | |
| (i) | Cheque issued but not presented for payment | 1,800 | |
| (ii) | Cheque deposited but not collected | | 2,000 |
| (iii) | Bank charges | | 150 |
| | Balance as per the Pass Book | | 2,850 |
| | | 5,000 | 5,000 |

Page : 174 , Block Name : Numerical Answers

Q2 On March 31 2017 the cash book showed a balance of Rs 3,700 as cash at bank, but the bank passbook made up to same date showed that cheques for Rs 700, Rs 300 and Rs 180 respectively had not presented for payment, Also, cheque amounting to Rs 1,200 deposited into the account had not been credited. Prepare a bank reconciliation statement.

Answer. Bank reconciliation statement

As on 31st March, 2017

| s.no. | particulars | (+) amount | (-) amount |
|---|---|---|---|
| 1 | balance as per cash book | 3700 | |
| 2 | cheques issued but not presented for payment | 1180 | |
| 3 | cheque deposited but not credited | | 1200 |
| 4 | balance as per pass book(cr.) | | 3680 |
| | | 4880 | 4880 |

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

(a) Cheque deposited in bank but not credited Rs 3,000

(b) Cheque issued but not yet present for payment Rs 1,500

(c) Insurance premium paid by the bank Rs 2,000

(d) Bank interest credit by the bank Rs 400

(e) Bank charges Rs 100

(d) Directly deposited by a customer Rs 4,000

Answer. Bank Reconciliation Statement

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Balance as per the Cash Book | 7,800 | |
| (a) | Cheque deposited but not credited | | 3,000 |
| (b) | Cheque issued but not yet presented for payment | 1,500 | |
| (c) | Insurance premium paid by bank | | 2,000 |
| (d) | Bank provided for interest | 400 | |

| | | | |
|---|---|---|---|
| (e) | Bank charges | | 100 |
| (f) | Amount directly deposited by customer | 4,000 | |
| | Balance as per the Pass Book | | 8,600 |
| | | 13,700 | 13,700 |
| | | | |

Page : 175 , Block Name : Numerical Answers

Q4 Bank balance of Rs 40,000 showed by the cash book of Atul on December 31, 2016. It was found that three cheques of Rs 2,000, Rs 5,000 and Rs 8,000 deposited during the month of December were not credited in the passbook till January 02, 2017. Two cheques of Rs 7,000 and Rs 8,000 issued on December 28, were not presented for payment till January 03, 2017. In addition to it bank had credited Atul for Rs 325 as interest and had debited him with Rs 50 as bank charges for which there were no corresponding entries in the cash book.

Prepare a bank reconciliation statement as on December 31, 2016.

Answer. In the books of Atul

Bank Reconciliation Statement

as on December 31, 2016

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Balance as per the Cash Book | 40,000 | |
| (i) | Cheques deposited but not cleared | | 15,000 |
| (ii) | Cheque issued but presented for payment for payment | 15,000 | |
| (iii) | Bank allowed interest | 325 | |
| (iv) | Bank charges | | 50 |
| | Balance as per the Pass Book | | 40,275 |
| | | 55,325 | 55,325 |
| | | | |

Q5 On comparing the cash book with passbook of Naman it is found that on March 31, 2017, bank balance of Rs 40,960 showed by the cash book differs from the bank balance with regard to the following:

(a) Bank charges Rs 100 on March 31, 2017, are not entered in the cash book.

(b) On March 21, 2017, a debtor paid Rs 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.

(c) Cheques totaling Rs 12,980 were issued by the company and duly recorded in the cash book before March 31, 2017, but had not been presented at the bank for payment until after that date.

(d) A bill for Rs 6,900 discounted with the bank is entered in the cash book with recording the discount charge of Rs 800.

(e) Rs 3,520 is entered in the cash book as paid into bank on March 31st, 2017, but not credited by the bank until the following day.

(f) No entry has been made in the cash book to record the dishonour or on March 15, 2017 of a cheque for Rs 650 received from Bhanu.

Prepare a reconciliation statement as on March 31, 2017.

Answer. In the books of Naman

Bank Reconciliation Statement

as on March 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Balance as per the Cash Book | 40,960 | |
| (a) | Bank charges | | 100 |
| (b) | Amount directly paid by debtor into bank account | 2,000 | |
| (c) | Cheques issued but not presented for payment | 12,980 | |
| (d) | Discount charges of bill was omitted to be recorded in the Cash Book | | 800 |
| (e) | Amount debited in bank column of the Cash Book but not deposited in bank | | 3,520 |

| | | | |
|---|---|---|---|
| (f) | Cheque dishonoured not recorded in the Cash Book | | 650 |
| | Balance as per the Pass Book | | 50,870 |
| | | 55,940 | 55,940 |
| | | | |



Q6 Prepare bank reconciliation statement as on December 31, 2017. On this day the passbook of Mr. Himanshu showed a balance of Rs 7,000.

(a) Cheques of Rs 1,000 directly deposited by a customer.

(b) The bank has credited Mr. Himanshu for Rs 700 as interest.

(c) Cheques for Rs 3,000 were issued during the month of December but of these cheques for Rs 1,000 were not presented during the month of December.

Answer. In the books of Mr. Himanshu

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | 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 |
| | Balance as per the Cash Book | | 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, 2016.

(a) Two cheques of Rs 2,000 and Rs 5,000 were paid into bank in October, 2016 but were not credited by the bank in the month of December.

(b) A cheque of Rs 800 which was received from a customer was entered in the bank column of the cash book in December 2016 but was omitted to be banked in December, 2016.

(c) Cheques for Rs 10,000 were issued into bank in November 2016 but not credited by the bank on December 31, 2016.

(d) Interest on investment Rs 1,000 collected by bank appeared in the passbook.

Balance as per Passbook was Rs 50,000

Answer. Bank Reconciliation Statement

as on December 31, 2016

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | 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 for payment | | 10,000 |
| (d) | Interest on investment collected by bank | | 1,000 |
| | Balance as per the Cash Book | | 46,800 |
| | | 57,800 | 57,800 |

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

(a) Cheque paid into bank but not yet cleared

Ram Kumar Rs 1,000

Kishore Kumar Rs 500

(b) Bank Charges Rs 300

(c) Cheque issued but not presented

Hameed Rs 2,000

Kapoor Rs 500

(d) Interest entered in the passbook but not entered in the cash book Rs 100

Prepare a bank reconciliation statement.

Answer. In the books of Mr. Kumar

Bank Reconciliation Statement

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | 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 |
| | Balance as per the Cash Book | | 2,200 |
| | | 4,800 | 4,800 |

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Q9 The passbook of Mr. Mohit current account showed a credit Balance of Rs 20,000 on dated December 31, 2016. Prepare a Bank Reconciliation Statement with the following information.

(i) A cheque of Rs 400 drawn on his saving account has been shown on current account.

(ii) He issued two cheques of Rs 300 and Rs 500 on of December 25, but only the Ist cheque was presented for payment.

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

Answer. In the books of Mr. Mohit (Current Account)

Bank Reconciliation Statement

as on December 31, 2016

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | 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 credited in cash book | | 1,000 |
| | Balance as per cash book | | 18,900 |
| | | 20,400 | 20,400 |
| | | | |

Note: In the question item (i), we have assumed that it is the current account of the Pass Book which has been debited.

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Q10 On Ist January 2017, Rakesh had an overdraft of Rs 8,000 as showed by his cash book. Cheques amounting to Rs 2,000 had been paid in by him but were not collected by the bank by January 01, 2017. He issued cheques of Rs 800 which were not presented to the bank for payment up to that day. There was a debit in his passbook of Rs 60 for interest and Rs 100 for bank charges. Prepare bank reconciliation statement for comparing both the balance.

Answer. In the books of Rakesh

Bank Reconciliation Statement

as on January 01, 2017

| S. No. | Particulars | (+) | (–) |
|---|---|---|---|

| | | Amount Rs | Amount Rs |
|---|---|---|---|
| | Overdraft as per the Cash Book | | 8,000 |
| (i) | Cheques deposited but not yet cleared | | 2,000 |
| (ii) | Cheques issued but not presented for payment | 800 | |
| (iii) | Interest on overdraft debited by bank | | 60 |
| (iv) | Bank debited charges | | 100 |
| | Overdraft as per the Pass Book | 9,360 | |
| | | 10,160 | 10,160 |
| | | | |

Page : 177 , Block Name : Numerical Answers

Q11 Prepare bank reconciliation statement.

(i) Overdraft shown as per cash book on December 31, 2017 Rs 10,000.

(ii) Bank charges for the above period also debited in the passbook Rs 100.

(iii) Interest on overdraft for six months ending December 31, 2017 Rs 380 debited in the passbook.

(iv) Cheques issued but not incashed prior to December 31, 2017 amounted to Rs 2,150.

(v) Interest on Investment collected by the bank and credited in the passbook Rs 600.

(vi) Cheques paid into bank but not cleared before December, 31 2017 were Rs 1,100.

Answer. Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Cash Book | | 10,000 |
| (i) | Bank debited charges | | 100 |

| | | | |
|---|---|---|---|
| (ii) | Interest charged by bank on overdraft | | 380 |
| (iii) | Cheques issued but not presented for payment | 2,150 | |
| (iv) | Interest on investment credited in the Pass Book but not entered in the Cash Book | 600 | |
| (v) | Cheques deposited but cleared | | 1,100 |
| | Overdraft as per the Pass Book | 8,830 | |
| | | 11,580 | 11,580 |

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Q12 Kumar find that the bank balance shown by his cash book on December 31, 2017 is Rs 90,600 (Credit) but the passbook shows a difference due to the following reason:

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

Answer. In the books of Kumar

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Cash Book | | 90,600 |
| (i) | Cheque debited in the Cash Book but not deposited in the bank | | 1,000 |
| (ii) | Cheque issued but not presented for payment | 8,000 | |
| (iii) | Cheque deposited but not yet cleared | | 1,500 |
| (iv) | Cheque dishonoured | | 5,000 |
| | Overdraft as per the Pass Book | 90,100 | |

| | | | |
|---|---|---|---|
| | | 98,100 | 98,100 |
| | | | |

Page : 177 , Block Name : Numerical Answers

Q13 On December 31, 2017, 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 passbook.

(1) Debited by bank for Rs 200 on account of Interest on overdraft and Rs 50 on account of charges for collecting bills.

(2) Cheques drawn but not encashed before December, 31 2017 for Rs 4,000.

(3) The bank has collected interest and has credited Rs 600 in passbook.

(4) A bill receivable for Rs 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, 2017 amounted Rs 6,000.

Answer. In the books of Mittal Bros.

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Cash Book | | 6,920 |
| 1 | Bank debited interest on overdraft | | 200 |
| | Bank debited charges for collecting bills | | 50 |
| 2 | Cheque issued but not presented for payment | 4,000 | |
| 3 | Bank collected interest | 600 | |
| 4 | Bill Receivables dishonoured | | 700 |
| 5 | Cheque deposited but not collected | | 6,000 |
| | Overdraft as per the Pass Book | 9,270 | |

| | | | |
|---|---|---|---|
| | | 13,870 | 13,870 |
| | | | |

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Q14 Prepare bank reconciliation statement of Shri Bhandari as on December 31, 2017

(i) The Payment of a cheque for Rs 550 was recorded twice in the passbook.

(ii) Withdrawal column of the passbook under cast by Rs 200

(iii) Cheque of Rs 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.

(iv) A Cheque of Rs 300 debited to Bank column of the cash book was not sent to the bank.

(v) Rs 500 in respect of dishonoured cheque were entered in the passbook but not in the cash book. Overdraft as per passbook is Rs 20,000.

Answer. In the books of Shri Bhandari

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Pass Book | | 20,000 |
| (i) | Payment of cheque twice debited in the Pass Book | 550 | |
| (ii) | Withdrawal column of the Pass Book undercast | | 200 |
| (iii) | Cheque debited in the Cash Book but not deposited in the bank | 200 | |
| (iv) | Cheque added in the Cash Book but not deposited in the bank | 300 | |
| (v) | Cheque dishonoured | 500 | |
| | Overdraft as per the Cash Book | 18,650 | |
| | | 20,200 | 20,200 |
| | | | |

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Q15 Overdraft shown by the passbook of Mr. Murli is Rs 20,000. Prepare bank reconciliation statement on dated December 31, 2017.

(i) Bank charges debited as per passbook Rs 500.

(ii) Cheques recorded in the cash book but not sent to the bank for collection Rs 2,500.

(iii) Received a payment directly from customer Rs 4,600.

(iv) Cheque issued but not presented for payment Rs 6,980.

(v) Interest credited by the bank Rs 100.

(vi) LIC paid by bank Rs 2,500.

(vii) Cheques deposited with the bank but not collected Rs 3,500.

Answer. In the books of Mr. Murli

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Pass Book | | 20,000 |
| (i) | Bank charges | 500 | |
| (ii) | Cheque recorded in the Cash Book but not banked | 2,500 | |
| (iii) | Amount directly paid by customer in the bank | | 4,600 |
| (iv) | Cheque issued but not presented for payment | | 6,980 |
| (v) | Interest allowed by bank | | 100 |
| (vi) | LIC paid by bank | 2,500 | |
| (vii) | Cheques deposited but not collected | 3,500 | |
| | Overdraft as per the Cash Book | 22,680 | |

| | | | |
|---|---|---|---|
| | | 31,680 | 31,680 |
| | | | |



Q16 Raghav & 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, 2017 according to the cash book of the firm.

(i) Cheques paid into bank prior to December 31, 2017, but not credited for Rs 10,000.

(ii) Transfer of funds from account No. II to account no. I recorded by the bank on December 31, 2017 but entered in the cash book after that date for Rs 8,000.

(iii) Cheques issued prior to December 31, 2017 but not presented until after that date for Rs 7,429.

(iv) Bank charges debited by bank not entered in the cash book for Rs 200.

(v) Interest Debited by the bank not entered in the cash book Rs 580.

(vi) Overdraft as per Passbook Rs 18,990.

Answer. In the books of Mr. Raghav and Co. Account No. I

Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Pass Book | | 18,990 |
| (i) | Cheque deposited but not collected | 10,000 | |
| (ii) | Amount transferred Account II to Account I recorded in the Pass Book but not entered in the Cash Book | | 8,000 |
| (iii) | Cheque issued but not presented for payment | | 7,429 |
| (iv) | Bank charges | 200 | |
| (v) | Interest on overdraft not credited in the Cash Book | 580 | |
| | Overdraft as per the Cash Book | 23,639 | |

| | | | |
|---|---|---|---|
| | | 34,419 | 34,419 |
| | | | |

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

(i) Balance as per passbook on December 31, 2017 overdrawn Rs 20,000.

(ii) Interest on bank overdraft not entered in the cash book Rs 2,000.

(iii) Rs 200 insurance premium paid by bank has not been entered in the cash book.

(iv) Cheques drawn in the last week of December, 2017, but not cleared till date for Rs 3,000 and Rs 3,500.

(v) Cheques deposited into bank on November, 2017, but yet to be credited on dated December 31, 2013 Rs 6,000.

(vii) Wrongly debited by bank Rs 500.

Answer. Bank Reconciliation Statement

as on December 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Pass Book | | 20,000 |
| (i) | Interest on overdraft not credited in the Cash Book | 2,000 | |
| (ii) | Insurance premium paid by bank not entered in the Cash Book | 200 | |
| (iii) | Cheques issued but not presented for payment | | 6,500 |
| (iv) | Cheques deposited but not collected | 6,000 | |
| (v) | Amount wrongly debited by bank | 500 | |
| | Overdraft as per the Cash Book | 17,800 | |
| | | 26,500 | 26,500 |
| | | | |

Q18 The passbook of Mr. Randhir showed an overdraft of Rs 40,950 on March 31, 2017.

Prepare bank reconciliation statement on March 31, 2017.

(i) Out of cheques amounting to Rs 8,000 drawn by Mr. Randhir on March 27, a cheque for Rs 3,000 was encashed on April 11.

(ii) Credited by bank with Rs 3,800 for interest collected by them, but the amount is not entered in the cash book.

(iii) Rs 10,900 paid in by Mr. Randhir in cash and by cheques on March, 31 cheques amounting to Rs 3,800 were collected on April, 07.

(iv) A Cheque of Rs 780 credited in the passbook on March 28 being dishonoured is debited again in the passbook on April 01, 2017. There was no entry in the cash book about the dishonour of the cheque until April 15

Answer. In the books of Mr Randhir

Bank Reconciliation Statement

as on March 31, 2017

| S. No. | Particulars | (+) Amount Rs | (–) Amount Rs |
|---|---|---|---|
| | Overdraft as per the Pass Book | | 40,950 |
| (i) | Cheque issued but not presented for payment | | 3,000 |
| (ii) | Interest collected by bank not entered in the Cash Book | | 3,800 |
| (iii) | Cheque deposited but not yet collected | 3,800 | |
| (iv) | Cheque dishonoured | 780 | |
| | Overdraft as per the Cash Book | 43,170 | |
| | | 47,750 | 47,750 |