



ACCOUNTS

NCERT - NCERT ACCOUNTS(HINGLISH)

BANK RECONCILIATION STATEMENT

Illustration

1. From the following particulars of Mr. Vinod, prepare bank reconciliation statement as on March 31, 2017.

1. Bank balance as per cash book 50,000.
2. Cheques issued but not presented for payment 6,000.
3. The bank had directly collected dividend of 8,000 and credited to bank account but was not entered in the cash book.
4. Bank charges of 400 were not entered in the cash book.
5. A cheques for 6,000 was deposited but not collected by the bank.



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2. From the following particulars of Anil & Co. prepare a bank reconciliation statement as on August 31, 2017.

1. Balance as per the cash book 54,000.

2. 100 bank incidental charges debited to Anil & Co. account, which is not recorded in cash book.

3. Cheques for 5,400 is deposited in the bank but not yet collected by the bank.

4. A cheque for 20,000 is issued by Anil & Co. not presented for payment.



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3. The bank passbook of M/s. Boss & Co. showed a balance of 45,000 on May 31, 2017

1. Cheques issued before May 31, 2017, amounting to 25,940 had not been presented for encashment.

2. Two cheques of 3,900 and 2,350 were deposited into the bank on May 31 but the bank gave credit for the same in June, 2017.

3. There was also a debit in the passbook of 2,500 in respect of a cheque dishonoured on

31.5.2017. Prepare a bank reconciliation statement as on May 31, 2017.



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4. On March 31, 2017, Rakesh had an overdraft of 8,000 as shown by his cash book. Cheques amounting to 2,000 had been paid in by him but were not collected by the bank. He issued cheques of 800 which were not presented to the bank for payment. There was a debit in his passbook of 60 for interest and 100 for bank

charges. Prepare bank reconciliation statement



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5. On March 31, 2017 the bank column of the cash book of Agrawal Traders showed a credit balance of 1,18,100 (Overdraft). On examining of the cash book and the bank statement, it was found that

1. Cheques received and recorded in the cash book but not sent to the bank of collection

12,400.

2. Payment received from a customer directly by the bank 27,300 but no entry was made in the cash book.

3. Cheques issued for 1,75,200 not presented for payment. Interest of 8,800 charged by the bank was not entered in the cash book.

Prepare bank reconciliation statement.



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6. From the following particulars of Asha & Co. prepare a bank reconciliation statement on December 31, 2017.

Overdraft as per passbook

20,000 Interest on overdraft 2,000

Insurance Premium paid by the bank 200

Cheque issued but not presented for payment
6,500

Cheque deposited but not yet cleared 6,000

Wrongly debited by the bank 500



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7. From the following particulars, prepare a bank reconciliation statement as on March 31, 2017.

(a) Debit balance as per cash book is 10,000.

(b) A cheque for 1,000 deposited but not recorded in the cash book.

(c) A cash deposit of 200 was recorded in the cash book as if there is not bank, column therein.

(d) A cheque issued for 250 was recorded as 205 in the cash column.

(e) The debit balance of 1,500 as on the

previous day was brought forward as a credit balance.

(f) The payment side of the cash book was under cast by 100.

(g) A cash discount allowed of 112 was recorded as 121 in the bank column.

(h) A cheque of 500 received from a debtor was recorded in the cash book but not deposited in the bank for collection.

(i) One outgoing cheque of 300 was recorded twice in the cash book.



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8. From the following particulars, prepare the bank reconciliation statement of Shri Krishan as on March 31, 2017.

(a) Balance as per passbook is 10,000.

(b) Bank collected a cheque of 500 on behalf of Shri Krishan but wrongly credited it to Shri Kishan's account.

(c) Bank recorded a cash book deposit of 1,589 as 1,598.

(d) Withdrawal column of the passbook under cast by 100.

(e) The credit balance of 1,500 as on the pass-

book was recorded in the debit balance.

(f) The payment of a cheque of 350 was recorded twice in the passbook.

(g) The pass-book showed a credit balance for a cheque of 1,000 deposited by Shri Kishan



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Numerical

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

2017.

(i) Balance as per cash book 3,200

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

(iii) Cheque deposited but not collected upto
March 31, 2014 2,000

(iv) Bank charges debited by bank

A. Balance as per cash book 3200

B. Cheque issued but not presented for
payment 1800

C. Cheque deposited but not collected

upto March 31, 2014 2,000

D. Bank charges debited by bank 150

Answer:



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2. On March 31, 2017 the cash book showed a balance of 3,700 as cash at bank, but the bank passbook made up to same date showed that cheques for 700, 300 and 180 respectively had

not presented for payment, Also, a cheque amounting to 1,200 deposited into the account had not been credited. Prepare a bank reconciliation statement.



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

(a) Cheque deposited in bank but not credited

3,000

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

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

(d) Bank interest credit by the bank 400

(e) Bank charges 100

(d) Directly deposited by a customer 4,000



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4. Bank balance of 40,000 showed by the cash book of Atul on December 31, 2016. It was

found that three cheques of 2,000, 5,000 and 8,000 deposited during the month of December were not credited in the passbook till January 02, 2017. Two cheques of 7,000 and 8,000 issued on December 28, were not presented for payment till January 03, 2017. In addition to it bank had credited Atul for 325 as interest and had debited him with 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.



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5. On comparing the cash book with passbook of Naman it is found that on March 31, 2014, bank balance of 40,960 showed by the cash book differs from the bank balance with regard to the following:

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

(b) On March 21, 2017, a debtor paid 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 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 6,900 discounted with the bank is entered in the cash book without recording the discount charge of 800.

(e) 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 on March 15, 2017 of a

cheque for 650 received from Bhanu. Prepare a reconciliation statement as on March 31, 201.



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6. Prepare bank reconciliation statement as on December 31, 2017. This day the passbook of Mr. Himanshu showed a balance of 7000 B

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

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

(c) Cheques for 3000 were issued during the month of December but of these cheques for 1,000 were not presented during the month of December.



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7. From the following particulars prepare a bank reconciliation statement showing the balance as per cash book on December 31, 2016.

(a) Two cheques of 2,000 and 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 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 10,000 were issued into bank in November 2016 but not credited by the bank on December 31, 2016.

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



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

(a) Cheque paid into bank but not yet cleared

Ram Kumar 1,000 Kishore Kumar 500

(b) Bank Charges 300

(c) Cheque issued but not presented Hameed 2,000 Kapoor 500

(d) Interest entered in the passbook but not entered in the cash book 100 Prepare a bank reconciliation statement.



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

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

(ii) He issued two cheques of 300 and 500 on of December 25, but only the 1st cheque was presented for payment.

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



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10. On 1st January 2017, Rakesh had an overdraft of 8,000 as shown by his cash book. Cheques amounting to 2,000 had been paid in by him but were not collected by the bank by January 01, 2017. He issued cheques of 800

which were not presented to the bank for payment up to that day. There was a debit in his passbook of 60 for interest and 100 for bank charges. Prepare bank reconciliation statement for comparing both the balance.



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11. Prepare bank reconciliation statement.

- (i) Overdraft shown as per cash book on December 31, 2017 10,000.
- (ii) Bank charges for the above period also

debited in the passbook 100.

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

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

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

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



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12. Kumar find that the bank balance shown by his cash book on December 31, 2017 is 90,600 (Credit) but the passbook shows a difference due to the following reason: A cheque (post dated) for 1,000 has been debited in the bank column of the cash book but not presented for payment. Also, a cheque for 8,000 drawn in favour of Manohar has not yet been presented for payment. Cheques totaling 1,500 deposited in the bank have not yet been collected and cheque for 5,000 has been dishonoured.



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13. On December 31, 2017, the cash book of Mittal Bros. showed an overdraft of 6,920. From the following particulars prepare a Bank Reconciliation Statement and ascertain the balance as per passbook.

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

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

(3) The bank has collected interest and has

credited 600 in passbook.

(4) A bill receivable for 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



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14. Prepare bank reconciliation statement of Shri Bhandari as on March 31, 2017

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

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

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

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



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

- (i) Bank charges debited as per passbook 500.
- (ii) Cheques recorded in the cash book but not sent to the bank for collection 2,500.
- (iii) Received a payment directly from customer 4,600.
- (iv) Cheque issued but not presented for payment 6,980.
- (v) Interest credited by the bank 100.

(vi) LIC paid by bank 2,500.

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



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16. 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 March 31, 2017 according to the cash book of the firm.

(i) Cheques paid into bank prior to March 31,

2017, but not credited for 10,000.

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

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

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

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

(vi) Overdraft as per Passbook 18,990.



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

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

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

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

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

3,500.

(v) Cheques deposited into bank on February 2017, but yet to be credited on dated March 31, 2017 6,000.

(vii) Wrongly debited by bank 500.



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

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

was encashed on April 2017.

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

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

(iv) A Cheque of 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.



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Understanding

Test Your Understanding - 1

1. Read the following transactions and identify the cause of difference on the basis of time gap or errors made by business firm/bank. Put a sign (+) for the correct cause.

S.No	Transactions	Time Gap	Errors made by Business Bank
1.	Cheques issued to customers but not presented for payment.		
2.	Cheque amounting to ₹ 5,000 issued to M/s. XYZ but recorded as ₹ 500 in the cash book.		
3.	Interest credited by the bank but yet not recorded in the cash book.		
4.	Cheque deposited into the bank but not yet collected by the bank.		
5.	Bank charges debited to firm's current account by the bank.		

1.



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2. Fill in the blanks:

- (i) Passbook is a copy of as it appears in the ledger of the bank.
- (ii) When money is withdrawn from the bank, the bank the account of the customer.
- (iii) Normally, the cash book shows a debit balance, passbook shows balance.
- (iv) Favourable balance as per the cash book means balance in the bank column of the cash book.

2.

- (v) If the cash book balance is taken as starting point the items which make the cash book balance smaller than the passbook must be for the purpose of reconciliation.
- (vi) If the passbook shows a favourable balance and if it is taken as the starting point for the purpose of bank reconciliation statement then cheques issued but not presented for payment should be to find out cash balance.
- (vii) When the cheques are not presented for payment, favourable balance as per the cash book is than that of the passbook.
- (viii) When a banker collects the bills and credits the account passbook overdraft shows balance.
- (ix) If the overdraft as per the passbook is taken as the starting point, the cheques issued but not presented are to be in the bank reconciliation statement.
- (x) When the passbook balance is taken as the starting point items which makes the passbook balance than the balance in the cash book must be deducted for the purpose of reconciliation.



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Understanding II

1. A bank reconciliation statement is prepared

by:

1) Creditors

2) Bank

3) Account holder in a bank

4) Debtors

A. Creditors

B. Bank

C. Account holder in a bank

D. Debtors

Answer:



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2. A bank reconciliation statement is prepared with the balance:

Option1 Passbook

Option2 Cash book

Option3 Both passbook and cash book

Option4 None of these

A.) Passbook

B. Cash book

C. Both passbook and cash book

D. None of these

Answer:



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3. Passbook is a copy of:

1 Copy of customer Account

2 Bank column of cash book

3 Cash column of cash book

4 Copy of receipts and payments

A.) Copy of customer Account

B. Bank column of cash book

C. Cash column of cash book

D. Copy of receipts and payments

Answer:



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4. Unfavourable bank balance means:

- 1 Credit balance in passbook
- 2 Credit balance in cash book
- 3 Debit balance in cash book
- 4 None of these

A. Credit balance in passbook

B. Credit balance in cash book

C. Debit balance in cash book (d

D. None of these

Answer:



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5. Favourable bank balance means:

1 Credit balance in the cash book

2 Credit balance in passbook

3 Debit balance in the cash book

4 Both 2 and 3

A. Credit balance in the cash book (b

B. Credit balance in passbook

C. Debit balance in the cash book

D. Both (b) and (c)

Answer:



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6. A bank reconciliation statement is mainly prepared for:-

Option 1 Reconcile the cash balance of the cash book.

Option 2 Reconcile the difference between the bank balance by the cash book and bank

passbook

Option 3 None of these

A. Reconcile the cash balance of the cash book.

B. Reconcile the difference between the bank balance by the cash book and bank passbook

C.

D. None of these

Answer:



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Test Your Understanding Iii

1. Passbook is the statement of account of the customer maintained by the bank.



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Test Your Understanding Ii

1. A business firm periodically prepares a bank reconciliation statement to reconcile the bank balance as per the cash book with the passbook as these two show different balances for various reasons.



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2. Cheques issued but not presented for payment will reduce the balance as per the passbook





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3. Cheques deposited but not collected will result in increasing the balance of the cash book when compared to passbook.



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4. Overdraft as per the passbook is less than the overdraft as per cash book when there are cheques deposited but not collected by the banker.



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5. The debit balance of the bank account as per the cash book should be equal to the credit balance of the account of the business in the books of the bank.



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6. Favourable bank balance as per the cash book will be less than the bank passbook

balance when there are unrepresented cheques for payment.



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7. Direct collections received by the bank on behalf of the customers would increase the balance as per the bank passbook when compared to the balance as per the cash book.



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8. When payments made by the bank as per the standing instructions of the customer, the balance in the passbook will be more when compared to the cash book.



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Short Answer

1. State the need for the preparation of bank reconciliation statement?



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2. What is a bank overdraft?



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3. Briefly explain the statement 'wrongly debited by the bank' with the help of an example



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



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5. Briefly explain the term 'favourable balance as per cash book'.



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



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Long Answer

1. What is a bank reconciliation statement.

Why is it prepared?



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2. 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.



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



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