

CA Foundation Notes

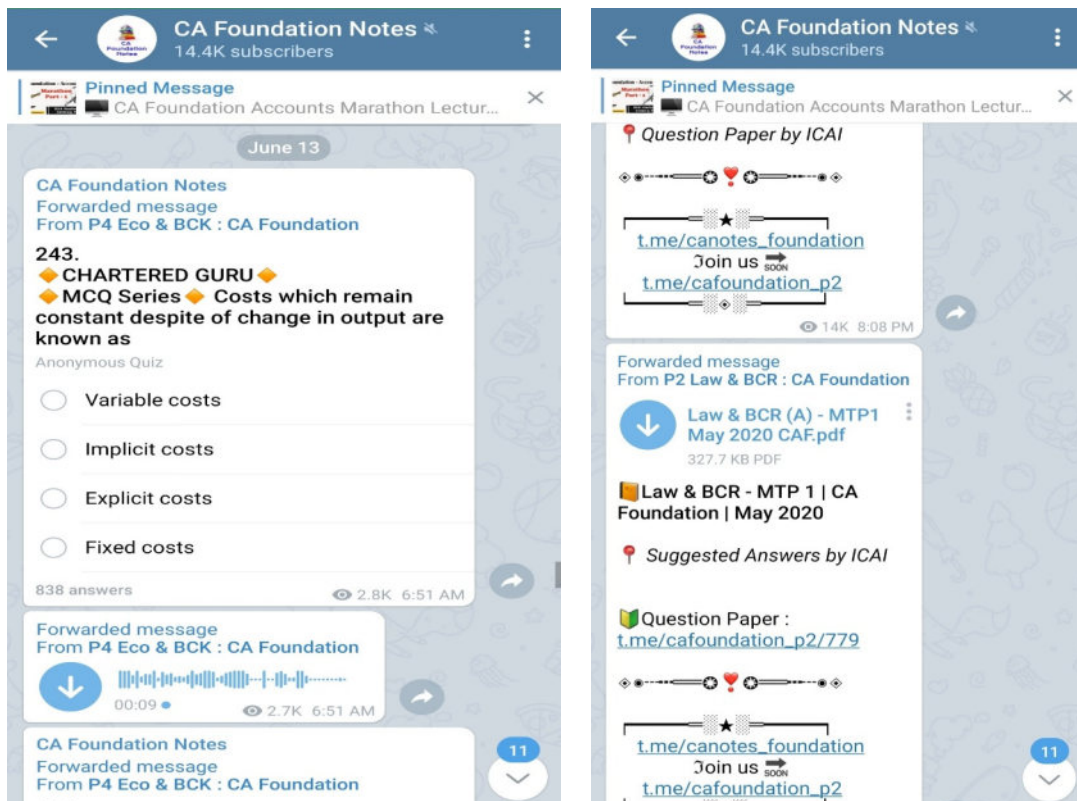
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**BANK RECONCILIATION
STATEMENT**

BANK RECONCILIATION STATEMENT:

Deposit 10,000

(A)

(B)

Businessman

In the books of bank

→ Bank Alc — Dr 10,000
To Cash Alc 10,000

Cash Alc — Dr 10,000
To Customer/ Alc 10,000
A

Withdrawal 5,000

Cash Alc — Dr 5,000
To Bank Alc 5,000

Customer/ Alc^A — Dr 5,000
To Cash Alc 5,000

Cash Book

Pass Book

Dr.		Cr.		Dr.		Cr.	
	Bank		Bank		Bank		Bank
Deposit		Withdrawal		Withdrawal		Deposit	
↑		↑		↑		↑	

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Rule 1:

Dr. Balance as = Cr. Balance as = Bank Balance/
Cash Book per Pass Book Favourable Bal.

Rule 2:

Cr. Balance as = Dr. Balance as = Overdraft / Unfavourable / Negative Bal.
per Cash Book per Pass Book

चलो जी आज साफ साफ कहता हूँ, इतनी सी बात है!

Dr. side of Cash Book = Deposit
(Bank Column)

Reasons of Difference in Cash Book & Pass Book.

Mistakes / Errors Timing Difference Fraud

TIMING DIFFERENCE:

- It is not a mistake
- Transaction recorded in cash Book and in Pass Book at different dates

- When transaction is recorded in one book but not recorded in another book then there will be difference in balances of both the books:

① Cheque deposited but not cleared or cheque paid into Bank but not yet credited.

	Cash Book	Pass Book
When	First	later. (When cheque is cleared)
Where	Dr. side	Cr. side.
Effect	↑ (-)	↓ (+)
IF overdraft (old)	(+)	(-)

② Cheque issued / drawn but not presented:

Cash Book	Pass Book
First	Later (When cheque presented)
cr. ↓	Dr. ↑
(+)	(-)
Old (-)	(+)

③ Interest charged by Bank OR Direct Payment by bank.

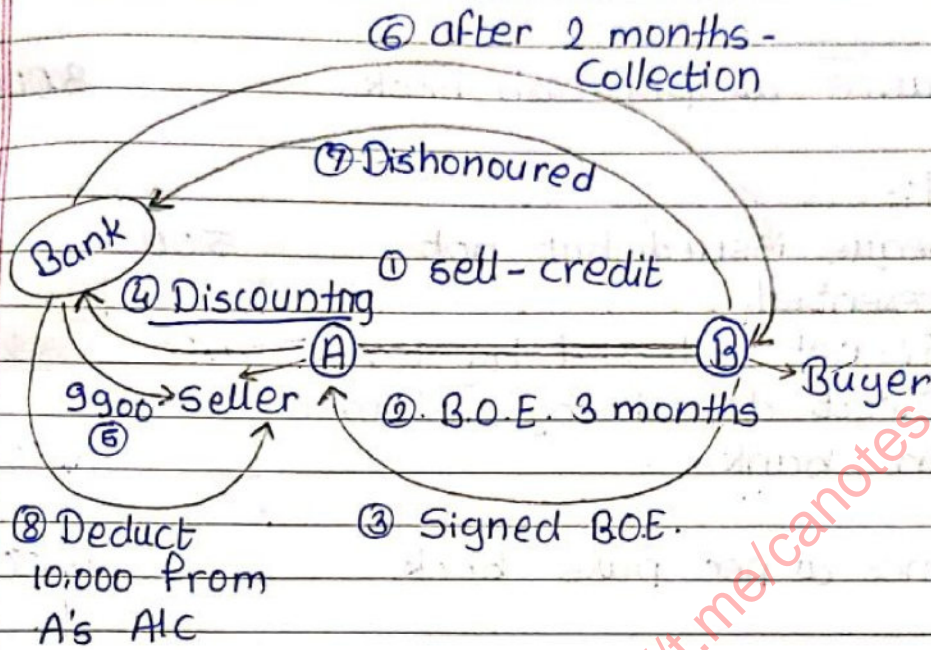
Cash Book	Pass Book
Later (When PB. is updated)	First
Cr. side ↑	Dr. side ↓
(-)	(+)
Old (+)	(-)

- ④. Direct collection by Bank.
Direct deposit by customer in Bank.
Interest allowed by Bank.

Cash Book	Pass Book
later	First
(After updation of P.B.)	
Dr. side	cr. side.
↓	↑
(-)	(+)
(+)	(-)

- ⑤. Bill discounted is dishonoured:

Cash Book	Pass Book
Later	First.
↑	↓
cr. side	Dr. side.
(-)	(+)
Old	Old
↓	↑
(+)	(-)



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- * Started with Bal. & Answer is positive = Balance
- * started with Bal. & Answer is negative = Overdraft
- * Started with Old & Answer is positive = Overdraft
- * Started with old & Answer is negative = Balance

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