CHAPTER 3: BANK RECONCILIATION STATEMENT

(1) Banks are the essential institutes in a modern society

(2) Bank pass book is merely a copy of the customers account in the book of a bank. It is the customers duty to check the entries and immediately inform the bank of an error that hey may notice.

(3) Business houses should also obtain at the end of the year a certificate from the bank duly stamped with the revenue stamps, showing the balance which the bank has in the account firm.

(4) The bank balance shown in the passbook is known as pass book balance for reconciliation purpose.

Debit Balance of pass book → Credit Balance of cash book

Credit Balance of pass book → Debit Balance of cash book

Because enterprise treats the bank as debtor/Trade receivable and bank treats the enterprise as creditor/trade payable

(5) Bank reconciliation statement is a statement which reconciles the bank balance as per cash book with the balance as per bank pass book by showing all causes of difference between the two.

(6) Bank reconciliation statement is very important tool for internal cash flows.

* Bank Reconciliation from any of the following four balances given in the question

(1) Dr. Balance as per cash book.
(2) Cr. Balance as per cash book.
(3) Dr. Balance as per pass book
(4) Cr. Balance as per pass book.

It is necessary to note here that if a student starts with debit balance of cash book and after all adjustments the balance arrived is positive then it is known as Cr. Balance as per pass book and if the balance is negative then it said to Dr. Balance as per pass book and vice versa.

* NOTE:

	Favourable Balance as per cash book (Dr)	Credit Balance as per cash book (Cr)	Credit Balance as per pass book (Cr)	Debit Balance per pass book (Dr)
	↓	↓	↓	↓
Answer	(+) Credit balance as per pass book	(+) Debit Balance as per pass book	(+) Debit balance as per cash book	(+) Credit Balance as per cash book
	(−) Debit balance as per pass book	(−) Credit Balance as per pass book.	(−) Credit Balance as per cash book	(−) Debit balance as per cash book

Uncollected cheques means cheques deposited but not cleared

unpresented cheque means cheque issued but not cleared. presented.

* CASES.

1)	Cheque deposited but not cleared	Credit
2)	Cheque issued but not presented to bank	Debit
3)	Cheque directly deposited in bank by a customer	Debit
4)	Income directly received by bank.	Debit
5)	Expenses directly paid by bank.	Credit
6)	Bank charges levied by bank.	Credit
7)	Locker rent levied by bank	Credit
8)	Wrong debit in cash book. (Twice)	Credit
9)	Balance as per cash book	Debit
10)	Overdraft as per cash book	Credit
11)	Balance as per pass book	Credit
12)	Overdraft as per pass book	Debit
13)	Cheques deposited and dishonoured recorded in pass book but not recorded in cash book	Credit
14)	Cheques received and recorded in cash book but omitted to be sent to the bank for collection	Credit
15)	Cheque received deposited in bank, cleared by the bank but omitted to record in cash book.	Debit
16)	Cheque received, deposited in bank credited in bank, recorded, recorded in bank column of cash book on payment side	Debit Twice
17)	Cheque received, deposited into bank credited by bank, recorded in cash book receipts side in cash column or discount column	Debit
18)	Cheque received, recorded in cash book, sent to bank for collection. but lost or misplaced	Credit
19)	Direct deposit by a customer into the bank, not recorded in cash book	Debit
20)	Interest on bank balance, credited by bank in pass book, not recorded in cash book	Debit

21)	Amount collected by bank, on our behalf not recorded in cash book	Debit
22)	Bank charges, interest on overdraft etc, debited by bank in pass book not recorded in cash book	Credit
23)	Amount paid by bank on our behalf not recorded in cash book	Credit
24)	Cheque issued and dishonoured by bank not recorded in cash book	Debit
25)	Cheque issued, recorded in cash book but not omitted to be sent to concerned party	Debit
26)	Cheque issued presented into the bank but omitted to be recorded in cash book	Credit
27)	Cheque issued presented into the bank recorded in cash book on receipts side	Credit (Twice)
28)	Cheque issued presented into the bank recorded in cash book in cash column or discount column	Credit
29)	Debit side of cash book or pass book overcasted	Credit
30)	Debit side of cash book or pass book undercasted	Debit
31)	Debit side of cash book or pass book undercasted	Debit
32)	Credit side of cash book or pass book under casted	Credit
33)	Credit side of cash book or pass book overcasted	Debit
34)	Amount transferred from current Account to savings accounts or fixed deposit account	Credit
35)	Amount transferred from saving account or fixed deposit to current account	Debit.

classmate
Date
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* BANK RECONCILIATION STATEMENT OF ADJUSTED CASH-BOOK

* The cash book must be adjusted so as to reflect the correct bank balance in the balance sheet.

* Errors occured in the pass-book are not be adjusted in the cash book. All the adjustments considered in the adjusted cash book are not carried again in the Bank Reconciliation statement