

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 customer's account with the book of a bank. It is the customer's duty to check the entries and immediately inform the bank of an error that they 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} cash 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 is said to be Dr. Balance as per pass book and vice versa.

* NOTE:

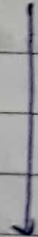
Favourable Balance
as per cash book
(Dr)



(+) Credit balance as
per pass book

(-) Debit balance as
per pass book

Credit Balance
as per cash book
(Cr)



(+) Debit Balance as
per pass book

(-) Credit Balance as
per pass book

Credit Balance
as per pass book
(Cr)



(+) Debit balance as
per cash book

(-) Credit Balance
as per cash
book

Debit Balance
per pass book
(Dr)



(+) Credit Balance
as per cash book

(-) Debit balance
as per cash book

Answer

unpresented cheque means cheque issued but not cleared, presented.

Date _____
 Page _____

* 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
- 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 committed 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 & 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 undercasted Credit
- 33) Credit side of cash book or pass book overcasted Debit
- 34) Amount transferred from current Account to savings account or fixed deposit account Credit
- 35) Amount transferred from savings account or fixed deposit to current account Debit

* 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 occurred 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.