

CLASS-11

CHAPTER-5

Class 11 Commerce Accountancy Chapter 5 – Bank Reconciliation Statement

Short Answers to NCERT Accountancy Solutions Class 11 Chapter 5

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

Preparing a bank reconciliation statement is necessary for:

1. Helps in identifying the difference between cash book and pass book.
2. It helps in knowing the actual bank balance.
3. Helps in detection and prevention of frauds and errors in recording banking transactions
4. It helps in knowing the actual bank balance.
5. Helps in creating revised Cash Book that reflects true bank balance.
6. It helps in preventing embezzlement of money from the bank account.

2. What is a bank overdraft?

Bank overdraft is created when there is a withdrawal, which is over the bank balance available in account. It is an obligation to the account holder.

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

It means that the bank has debited the amount from the users account for some invalid reason. The following instance can help in understanding.

Rajesh's account is charged overdraft of Rs.5000 even though his account has sufficient credit balance. It can happen when the cashier has done an incorrect entry in the account.

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

The following are the causes of difference occurred due to time lag

1. Cheque issued by the firm is not yet presented for payment.
2. Cheque deposited into the bank but yet to be realized.
3. Direct debits done by the bank on behalf of the customer.
4. Amount deposited directly into the bank account.
5. Interest and dividends that are not collected by the bank.
6. Direct payments made by the bank on behalf of the customers
7. Cheques that are deposited or bills discounted which is dishonoured

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

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When the total of the debit column of the Cash Book is more than the total credit column of Cash Book, it is known as debit balance or favourable balance. Favourable balance is an asset to an account holder. Favourable balance can also be defined as surplus of deposits over withdrawals.

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

Difference between cash book and pass book can arise due to some transactions that are recorded in pass book not being present in the cash book. This can be rectified by recording those transactions in the cash book. The balance thus obtained is called as adjusted balance or amended balance. The following steps describe this process.

1. Note bank balance as per cash book.
- 2: Make corrections for errors committed in the cash book.
- 3: Transactions present only on passbook's credit side must be updated in debit side of cashbook
4. Transactions present only on the passbook's debit side must be updated in debit side of cashbook
- 5: Calculate new cash book balance and use it to prepare a Bank Reconciliation Statement.

Long Answers for NCERT Accountancy Solutions Class 11 Chapter 5

1. What is a bank reconciliation statement? Why is it prepared?

A statement that is prepared to rectify or tally the difference that exists between the user passbook and cashbook of firm, so that the cause of difference can be determined and rectified is known as Bank Reconciliation Statement. Following are the reasons for its preparation:

1. To determine if the balance reported by the company's cashbook is the correct amount.
2. Rectifying any errors present in cash book so that proper statements can be generated.
3. Prevents fraudulent activities like embezzlement and improves accountability.
4. To discover any errors made by bank and applying corrective measures.
5. Helps check the accuracy of information recorded in both the books.

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.

Here are some of the reasons which results in mismatch between bank passbook balance and bank column of cash book.

I. Timing Differences:

1. Cheques issued by the firm but not yet presented for payment: Cheques issued by the firm to the suppliers or creditors are immediately recorded on the credit side of the cashbook. However, there will be a time gap when the receiving party presents it to the bank. So the bank cannot debit the amount. It will result in changes in the balance amount between two books.

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2. Cheques are deposited into the bank but not yet collected: A firm receives cheques from its debtors/customers, which are then immediately recorded in the debit side of the cashbook.

However, when those cheques are deposited into the bank, the bank credits the firm's account only after the cheques are actually realised. It creates a difference between the two balances.

3. Direct debits made by the bank on behalf of the customer: Bank deducts various charges like cheque collection charges, interest on overdraft, check bounce charges, the firm will not be aware of such debits and hence these changes will not be reflected in the firm's cash book. Due to this reason the cashbook will not be in sync with the passbook.

4. Amounts directly deposited in the bank account: When debtors or customers directly deposit money into the firm's bank account, the firm will not be aware of such deposits. Due to this, these entries will not be recorded into the cashbook. This will also create an imbalance between the bank passbook and firm's cashbook.

5. Interest and dividends collected by the bank: The banks collect interest and dividend on behalf of the customer. It will not be known to the customer and hence will not be recorded into the firm's cash book. This creates an imbalance between the bank passbook and firm's cashbook.

6. Direct payments made by bank on behalf of customers: When the customers give standing instructions to the bank for making payments to the third parties like telephone bill, insurance premium, rent taxes etc., the firm will not be aware of these payments and hence such transactions will not be recorded into the firm's cashbook. It is also a reason for imbalance.

7. Cheques deposited and bills dishonoured: A cheque deposited by the firm if dishonoured or a bill of exchange drawn by the business firm which is discounted with the bank is dishonoured on the date of maturity, the same is debited to customer's account by the bank. This information is not available to the firm immediately, and it will not be recorded in the firm's cashbook. This will also create an imbalance between the bank passbook and the firm's cashbook.

II. Differences due to recording Errors: The difference between the two balances could be due to an error of human nature. The following types of error can occur

1. Errors committed in recording transaction by the firm: When wrong recording of transactions relating to incorrect totalling, cheques issued, and cheques deposited etc. are committed by the firm in the cashbook. It will create an imbalance between the bank passbook and the firm's cashbook.

2. Errors committed in recording transactions by the bank: When wrong recording of transactions related to cheques issued, wrong totalling, and cheques deposited etc. are committed by the bank in the passbook. It will create an imbalance between the bank passbook and the firm's cashbook.

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

Difference between cash book and pass book can arise due to some transactions that are recorded in pass book not being present in the cash book. This can be rectified by recording those transactions in the cash book. The balance thus obtained is called as adjusted balance or amended balance. The following steps describe this process.

1. Note bank balance as per cash book.

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2: Make corrections for errors committed in the cash book.

3: Transactions present only on passbook's credit side must be updated in debit side of cashbook

4. Transactions present only on the passbook's debit side must be updated in debit side of cashbook

5: Calculate new cash book balance and use it to prepare a Bank Reconciliation Statement.

Numerical Questions for NCERT Accountancy Solutions Class 11 Chapter 5

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 up to March 31, 2017 ₹ 2,000

(iv) Bank charges debited by bank ₹ 150

The reconciliation statement is shown below:

Bank Reconciliation Statement, as on March 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Cash Book	3,200	
(i)	Cheque issued but not presented for payment	1,800	
(ii)	Cheque deposited but not cleared		2,000

(iii)	Bank charges		150
	Balance as per the Pass Book		2,850
		5,000	5,000

We see that the balance as per passbook on 31st March is ₹2, 850.

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

The reconciliation statement is shown below:

Bank Reconciliation Statement, as on March 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Cash Book	3,700	
(i)	Three cheques issued but not presented for payment	1,180	

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(ii)	Cheque deposited but not cleared		1,200
	Balance as per the Pass Book		3,680
		4,880	4,880

The balance as per pass book as on 31st March is ₹3, 680.

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

The bank reconciliation statement is shown below:

Bank Reconciliation Statement			
S. No.	Particulars	(+) Amount	(-) Amount

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		₹	₹
	Balance as per the Cash Book	7,800	
(a)	Cheque deposited but not credited in the Pass Book		3,000
(b)	Cheque issued but not yet presented for payment	1,500	
(c)	Insurance premium paid by bank		2,000
(d)	Bank allowed interest	400	
(e)	Bank debited charges		100
(f)	Amount directly deposited by customer	4,000	
	Balance as per the Pass Book		8,600
		13,700	13,700

The balance as per passbook is ₹8, 600

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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.

The bank reconciliation statement is shown below:

Bank Reconciliation Statement of Atul as on December 31, 2016			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Cash Book	40,000	
(i)	Cheques deposited but not cleared in December		15,000
(ii)	Cheque issued but presented for payment for payment	15,000	
(iii)	Bank allowed interest	325	
(iv)	Bank debited charges		50

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	Balance as per the Pass Book		40,275
		55,325	55,325

The balance as per pass book is ₹ 40,275

5. On comparing the cash book with passbook of Naman it is found that on March 31, 2017, 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 with 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 or on March 15, 2017 of a cheque for ₹ 650 received from Bhanu.

Prepare a reconciliation statement as on March 31, 2017.

The reconciliation statement is shown below:

Bank Reconciliation Statement of Naman as on March 31, 2017			
S. No.	Particulars	(+) Amount t	(-) Amount t

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		₹	₹
	Balance as per the Cash Book	40,960	
(a)	Bank debited 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

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The balance as per pass book is ₹50, 870.

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

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

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

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

The reconciliation statement is shown below:

Bank Reconciliation Statement of Mr. Himanshu as on December 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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

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	Balance as per the Cash Book		4,300
		7,000	7,000

Hence, the cash as per cash book is ₹4, 300.

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.

Balance as per Passbook was ₹ 50,000

The reconciliation statement is shown below:

Bank Reconciliation Statement as on December 31, 2016			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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 (not debited in the Pass Book)		10,000
(d)	Interest on investment collected by bank		1,000
	Balance as per the Cash Book		46,800
		57,800	57,800

The balance as per cash book is ₹ 46,800.

Note: In statement (c) the correct statement will be “debited”, it is mentioned as credited.

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

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Kapoor ₹ 500

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

Prepare a bank reconciliation statement.

The bank reconciliation statement is shown below:

Bank Reconciliation Statement of Mr. Kumar			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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

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		4,800	4,800

The balance as per the cash book is ₹ 2,200.

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.

The bank reconciliation statement is shown below:

Bank Reconciliation Statement of Mr. Mohit's Current Account, as on December 31, 2016			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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

The balance as per cash book is ₹ 18,900.

10. On 1st January 2017, Rakesh had an overdraft of ₹ 8,000 as showed 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.

The bank reconciliation statement is shown below:

Bank Reconciliation Statement of Rakesh as on January 01, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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

Hence, the overdraft as per the pass book is ₹9, 360.

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 encashed 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.

The bank reconciliation statement is shown below:

Bank Reconciliation Statement as on December 31, 2017

S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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	

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		11,580	11,580

The overdraft as per passbook is ₹ 8,830.

12. Kumar found 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 totalling ₹ 1,500 deposited in the bank have not yet been collected and cheque for ₹ 5,000 has been dishonoured.

Bank reconciliation statement for this question is shown below:

Bank Reconciliation Statement of Kumar as on December 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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	

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(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

Hence, the overdraft as per the pass book is ₹98, 100.

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 ₹ 6,000.

Bank reconciliation statement for this question is shown below:

Bank Reconciliation Statement of Mittal Bros. as on December 31, 2017

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S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
1	Overdraft as per the Cash Book		6,920
2	Bank debited interest on overdraft		200
3	Bank debited charges for collecting bills		50
4	Cheque issued but not presented for payment	4,000	
5	Bank collected interest	600	
6	Bill Receivable dishonoured		700
7	Cheque deposited but not cleared in December		6,000
	Overdraft as per the Pass Book	9,270	
		13,870	13,870

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The overdraft amount as per the pass book is ₹ 9,270.

14. Prepare bank reconciliation statement of Shri Bhandari as on December 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) 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.

The bank reconciliation statement for this question is given below:

Bank Reconciliation Statement of Shri Bhandari as on December 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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 under cast		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

Hence, the overdraft as per the cash book is ₹ 18,650.

15. Overdraft shown by the passbook of Mr. Murli is ₹ 20,000. Prepare bank reconciliation statement on dated December 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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The bank reconciliation statement for this question is given below:

Bank Reconciliation Statement of Mr. Murli as on December 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Overdraft as per the Pass Book		20,000
(i)	Bank charges debited in the Pass Book	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 (insurance premium) paid by bank	2,500	
(vii)	Cheques deposited but not cleared	3,500	

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	Overdraft as per the Cash Book	22,680	
		31,680	31,680

Hence, the overdraft as per the cash book is ₹22,680

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.

The bank reconciliation statement for this question is given below:

Bank Reconciliation Statement of Mr. Raghav and Co. Account No. I as on March 31, 2017			
S. No.	Particulars	(+) Amount t	(-) Amount t

		₹	₹
	Overdraft as per the Pass Book		18,990
(i)	Cheque deposited but not cleared prior to 31 Mar. 2017	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 debited 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

Hence, the overdraft as per cash book is ₹ 23,639

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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 December 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 December, 2017, but not cleared till date for ₹ 3,000 and ₹ 3,500.

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

(vii) Wrongly debited by bank ₹ 500.

The bank reconciliation statement for this question is given below:

Bank Reconciliation Statement as on December 31, 2017			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	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 cleared	6,000	
(v)	Amount wrongly debited by bank	500	
	Overdraft as per the Cash Book	17,800	
		26,500	26,500

Hence, the overdraft as per cash book is ₹17, 800

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

Prepare bank reconciliation statement 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 11.

(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

The bank reconciliation statement for this question is given below:

Bank Reconciliation Statement of Mr Randhir as on March 31, 2017

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

Hence, the overdraft as per cash book is ₹43,170

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Concepts covered in this chapter –

- Need for reconciliation
- Timing differences
- Cheques issued by the bank but not yet presented for payment
- Cheques paid into the bank not yet collected
- Direct debits made by the bank on behalf of the customer
- Amounts directly deposited in the bank account
- Interest and dividends collected the bank
- Direct payments made by the bank on behalf of the customers
- Differences caused by errors
- Preparation of Bank Reconciliation Statement
- Dealing with overdrafts