

## Short Answers for NCERT Accountancy Solutions Class 11 Chapter 5

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

A bank reconciliation statement is prepared for following reasons:

1. It is helpful in finding out the errors and omissions committed in the Cash Book and the Pass Book.
2. Shows un-cleared cheques, those which have already been debited in the Cash Book but yet to be updated in Pass Book.
3. It helps in checking for embezzlement of money from the bank account.
4. Helpful in measuring the accuracy of the transactions that are recorded in the Cash Book.
5. Helps creating revised Cash Book that reflects true bank balance.

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

It refers to the situation when the bank wrongly debits a user's passbook. The following conditions are instances of a bank wrongly debiting a user passbook:

1. Mistakes occur if two account holders' names are similar. For example, a cheque of Rs 5,000 issued by Mr. Ram Singh was wrongly paid through Mr. Ram Kumar Singh's account.
2. Amount on checks wrongly documented. For example, payment of Rs 3,000 through cheque was wrongly debited in the Pass Book for Rs 30,000.
3. If a person has more than one account in the bank. For e.g. amount debited from savings account instead of current account for a person with same name.

### 3. What is a bank overdraft?

When the account holder withdraws an excess amount over his/her available bank balance, he/she runs a minus bank balance which is an obligation to the account holder and is known as a bank overdraft.

### 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

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.

**Step 1:** Bank balance as per the Cash Book is noted.

**Step 2:** Rectify all the errors committed in the Cash Book.

**Step 3:** Update those transactions in the debit of the Cash Book, which appear only in the credit side of the Pass Book.

**Step 4:** Update transactions in the credit side of the Cash Book that appear only in the debit side of the Pass Book.

**Step 5:** The Cash Book is computed and this balancing figure is used for preparing Bank Reconciliation Statement

## Long Answers for NCERT Accountancy Solutions Class 11 Chapter 5

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

It is a statement prepared for matching the cash balance on a company's balance sheet to the corresponding amount on its bank statement.

In day to day operations, an individual or organisation makes numerous transactions through bank. Along with the copy of bank statement (i.e., the Pass Book), an individual or organisation needs to maintain a separate book (Cash Book) for recording the banking transactions. When large number of transactions is made through bank, there are chances that the balance of the Cash Book may differ from the balance of the Pass Book.

Bank Reconciliation Statement (BRS) is prepared when the bank balance of the Cash Book does not tally with the balance shown by the Pass Book on the same date. In order to match the two respective balances, errors and omissions are located and rectified, which is the main objective behind preparing the Bank Reconciliation Statement.

### Specimen of Bank Reconciliation Statement

	Amount Rs (Add)	Amount Rs (Less)
Particulars		
Balance as per the Cash Book	-	
Cheque issued but <b>not</b> presented	-	
Cheque deposited but <b>not</b> collected		-
Balance as per the Pass Book		

Following are the reasons for preparation of Bank Reconciliation Statement

1. It is helpful in finding out the errors and omissions committed in the Cash Book and the Pass Book.
2. Shows un-cleared cheques, those which have already been debited in the Cash Book but yet to be updated in Pass Book.
3. It helps in checking for embezzlement of money from the bank account.
4. Helpful in measuring the accuracy of the transactions that are recorded in the Cash Book.
5. Helps creating revised Cash Book that reflects true bank balance.

**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.

**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.

Bank Reconciliation Statement can be prepared with the adjusted/amended cash balance bank by the following steps:

**Step 1:** Make a note of the bank balance as per the Cash Book.

**Step 2:** Rectify all the errors committed in the Cash Book.

**Step 3:** Enter only those transactions in the debit column of the Cash Book by matching with the entries which are present only in the credit column of the Pass Book.

**Step 4:** Enter only those transactions in the credit column of the Cash Book by matching with the entries which are present only in the debit column of the Pass Book.

**Step 5:** After completing all the above steps, the balance or the overdraft, as per amended Cash Book is obtained using which Bank reconciliation statement can be prepared.

The performa of Bank Reconciliation Statement through amended balance is given below.

Bank Reconciliation Statement, as on _____		
	Amount Rs (Add)	Amount Rs (Less)
Adjusted balance as per the amended the Cash Book	-	
<i>Add:</i> Cheque issued but not presented.	-	
<i>Less:</i> Cheque deposited but not credit	-	-
Balance as per the Pass Book		

### 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 Rs 3,200
- (ii) Cheque issued but not presented for payment Rs 1,800
- (iii) Cheque deposited but not collected up to March 31, 2017 Rs 2,000
- (iv) Bank charges debited by bank Rs 150

The reconciliation statement is shown below:

**Bank Reconciliation Statement, as on March 31, 2017**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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 31<sup>st</sup> March is Rs.2, 850.

2. On March 31 2017 the cash book showed a balance of Rs 3,700 as cash at bank, but the bank passbook made up to same date showed that cheques for Rs 700, Rs 300 and Rs 180 respectively had not presented for payment, Also, cheque amounting to Rs 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 Rs	(-) Amount Rs
	Balance as per the Cash Book	3,700	
(i)	Three cheques issued but not presented for payment	1,180	
(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 31<sup>st</sup> March is Rs.3, 680.

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

- (a) Cheque deposited in bank but not credited Rs 3,000
- (b) Cheque issued but not yet present for payment Rs 1,500
- (c) Insurance premium paid by the bank Rs 2,000
- (d) Bank interest credit by the bank Rs 400
- (e) Bank charges Rs 100
- (d) Directly deposited by a customer Rs 4,000

The bank reconciliation statement is shown below:

**Bank Reconciliation Statement**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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 Rs.8, 600

4. Bank balance of Rs 40,000 showed by the cash book of Atul on December 31, 2016. It was found that three cheques of Rs 2,000, Rs 5,000 and Rs 8,000 deposited during the month of December were not credited in the passbook till January 02, 2017. Two cheques of Rs 7,000 and Rs 8,000 issued on December 28, were not presented for payment till January 03, 2017. In addition to it bank had credited Atul for Rs 325 as interest and had debited him with Rs 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 Rs	(-) Amount Rs
	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
	Balance as per the Pass Book		40,275
		55,325	55,325

The balance as per pass book is Rs. 40,275

5. On comparing the cash book with passbook of Naman it is found that on March 31, 2017, bank balance of Rs 40,960 showed by the cash book differs from the bank balance with regard to the following:

- (a) Bank charges Rs 100 on March 31, 2017, are not entered in the cash book.
  - (b) On March 21, 2017, a debtor paid Rs 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 Rs 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 Rs 6,900 discounted with the bank is entered in the cash book with recording the discount charge of Rs 800.
  - (e) Rs 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 Rs 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 Rs	(-) Amount Rs
	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

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

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

- (a) Cheques of Rs 1,000 directly deposited by a customer.
- (b) The bank has credited Mr. Himanshu for Rs 700 as interest.
- (c) Cheques for Rs 3,000 were issued during the month of December but of these cheques for Rs 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 Rs	(-) Amount Rs
	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
	Balance as per the Cash Book		4,300
		7,000	7,000

Hence, the cash as per cash book is Rs.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 Rs 2,000 and Rs 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 Rs 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 Rs 10,000 were issued into bank in November 2016 but not credited by the bank on December 31, 2016.

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

Balance as per Passbook was Rs 50,000

The reconciliation statement is shown below:

**Bank Reconciliation Statement as on December 31, 2016**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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 Rs 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 Rs 1,000  
Kishore Kumar Rs 500
- (b) Bank Charges Rs 300
- (c) Cheque issued but not presented  
Hameed Rs 2,000  
Kapoor Rs 500
- (d) Interest entered in the passbook but not entered in the cash book Rs 100

Prepare a bank reconciliation statement.

The bank reconciliation statement is shown below:

**Bank Reconciliation Statement of Mr. Kumar**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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
		4,800	4,800

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

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

- (i) A cheque of Rs 400 drawn on his saving account has been shown on current account.
- (ii) He issued two cheques of Rs 300 and Rs 500 on of December 25, but only the 1st cheque was presented for payment.
- (iii) One cheque issued by Mr. Mohit of Rs 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 Rs	(-) Amount Rs
	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 <b>not</b> presented for payment		500
(iii)	Cheque issued but <b>not</b> 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 Rs 18,900.

10. On 1<sup>st</sup> January 2017, Rakesh had an overdraft of Rs 8,000 as showed by his cash book. Cheques amounting to Rs 2,000 had been paid in by him but were not collected by the bank by January 01, 2017. He issued cheques of Rs 800 which were not presented to the bank for payment up to that day. There was a debit in his passbook of Rs 60 for interest and Rs 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 Rs	(-) Amount Rs
	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 Rs.9, 360.

11. Prepare bank reconciliation statement.

- (i) Overdraft shown as per cash book on December 31, 2017 Rs 10,000.
- (ii) Bank charges for the above period also debited in the passbook Rs 100.
- (iii) Interest on overdraft for six months ending December 31, 2017 Rs 380 debited in the passbook.
- (iv) Cheques issued but not encashed prior to December 31, 2017 amounted to Rs 2,150.
- (v) Interest on Investment collected by the bank and credited in the passbook Rs 600.
- (vi) Cheques paid into bank but not cleared before December, 31 2017 were Rs 1,100.

The bank reconciliation statement is shown below:

**Bank Reconciliation Statement as on December 31, 2017**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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	
		11,580	11,580

The overdraft as per passbook is Rs 8,830.

12. Kumar found that the bank balance shown by his cash book on December 31, 2017 is Rs 90,600 (Credit) but the passbook shows a difference due to the following reason:

A cheque (post-dated) for Rs 1,000 has been debited in the bank column of the cash book but not presented for payment. Also, a cheque for Rs 8,000 drawn in favour of Manohar has not yet been presented for payment. Cheques totalling Rs 1,500 deposited in the bank have not yet been collected and cheque for Rs 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 Rs	(-) Amount Rs
	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	
(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 Rs.98, 100.

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

- (1) Debited by bank for Rs 200 on account of Interest on overdraft and Rs 50 on account of charges for collecting bills.
- (2) Cheques drawn but not encashed before December, 31 2017 for Rs 4,000.
- (3) The bank has collected interest and has credited Rs 600 in passbook.
- (4) A bill receivable for Rs 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 Rs 6,000.

Bank reconciliation statement for this question is shown below:

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

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

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

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

- (i) The Payment of a cheque for Rs 550 was recorded twice in the passbook.
  - (ii) Withdrawal column of the passbook under cast by Rs 200
  - (iii) Cheque of Rs 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 Rs 300 debited to Bank column of the cash book was not sent to the bank.
  - (v) Rs 500 in respect of dishonoured cheque were entered in the passbook but not in the cash book.
- Overdraft as per passbook is Rs 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 Rs	(-) Amount Rs
	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 Rs. 18,650.

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

- (i) Bank charges debited as per passbook Rs 500.
- (ii) Cheques recorded in the cash book but not sent to the bank for collection Rs 2,500.
- (iii) Received a payment directly from customer Rs 4,600.
- (iv) Cheque issued but not presented for payment Rs 6,980.
- (v) Interest credited by the bank Rs 100.
- (vi) LIC paid by bank Rs 2,500.
- (vii) Cheques deposited with the bank but not collected Rs 3,500.

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 Rs	(-) Amount Rs
	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	
	Overdraft as per the Cash Book	22,680	
		31,680	31,680

Hence, the overdraft as per the cash book is Rs.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 Rs 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 Rs 8,000.
- (iii) Cheques issued prior to March 31, 2017 but not presented until after that date for Rs 7,429.
- (iv) Bank charges debited by bank not entered in the cash book for Rs 200.
- (v) Interest Debited by the bank not entered in the cash book Rs 580.
- (vi) Overdraft as per Passbook Rs 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 Rs	(-) Amount Rs
	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 Rs. 23,639

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 Rs 20,000.
- (ii) Interest on bank overdraft not entered in the cash book Rs 2,000.
- (iii) Rs 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 Rs 3,000 and Rs 3,500.
- (v) Cheques deposited into bank on November, 2017, but yet to be credited on dated December 31, 2013 Rs 6,000.
- (vii) Wrongly debited by bank Rs 500.

The bank reconciliation statement for this question is given below:

**Bank Reconciliation Statement as on December 31, 2017**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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 Rs.17, 800

18. The passbook of Mr. Randhir showed an overdraft of Rs 40,950 on March 31, 2017.  
Prepare bank reconciliation statement on March 31, 2017.

(i) Out of cheques amounting to Rs 8,000 drawn by Mr. Randhir on March 27, a cheque for Rs 3,000 was encashed on April 11.

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

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

(iv) A Cheque of Rs 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**

S. No.	Particulars	(+) Amount Rs	(-) Amount Rs
	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 Rs.43,170