

QB365 Question Bank Software Study Materials

Bank Reconciliation Statement Important 2, 3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Accountancy

Total Marks : 75

2 Marks

10 x 2 = 20

1) What is meant by bank overdraft?

Answer : (i) Bank overdraft is an amount drawn over and above the actual balance kept in the bank account.

(ii) This facility is available only to the current account holders.

(iii) Interest will be charged for the amount overdrawn i.e., overdraft.

2) What is bank reconciliation statement?

Answer : (i) If entry in the cash book matches with the bank statement, then bank balance will be the same in both the records.

(ii) But, practically it may not be possible. When the balances do not agree with each other, the need for preparing a statement to explain the causes arises. This statement is called bank reconciliation statement (BRS).

3) State any two causes of disagreement between the balance as per bank column of cash book and bank statement.

Answer : Causes of disagreement between the balances shown by the cash book and bank statement.

(i) Cheques issued but not yet presented for payment.

(ii) Cheques paid into bank for collection but not yet collected.

4) Give any two expenses which may be paid by the banker as per standing instruction.

Answer : (i) Insurance Premium

(ii) Telephone Bills

5) Do you agree on the following statements? Write "yes" if you agree, and write "no" if you disagree.

(a) Bank reconciliation statement is prepared by the banker.

(b) Adjusting the cash book before preparing the bank reconciliation statement is compulsory.

(c) Credit balance as per bank statement is an overdraft.

(d) Bank charges debited by the bank increases the balance as per bank statement.

(e) Bank reconciliation statement is prepared to identify the causes of differences between balance as per bank column of the cash book and balance as per cash column of the cash book.

Answer : (a) No

(b) No

(c) No

(d) No

(e) Yes

6) From the following particulars prepare a bank reconciliation statement of Jayakumar as

on 31st December, 2016.

(a) Balance as per cash book Rs. 7,130

(b) Cheque deposited but not cleared Rs. 1,000

(c) A customer has deposited Rs. 800 into the bank directly

Answer :

7) What is E-Statement?

Answer : (i) A bank may send a statement at regular intervals to its customers. It shows all the deposits, withdrawals and the balance available in its customer's account, on a certain date.

(ii) In recent times, the copy of the records can be obtained by the customer electronically, which is called E-statement.

8) Which values are involved in the preparation of bank reconciliation statements?
Answer : The values involved in the preparation of bank reconciliation statement are

- (i) Prevention of fraud
- (ii) Identifying errors
- (iii) Fulfilment of commitment on time by finding out reasons of undue delay in clearance of cheque

9) On 15th December, one of his customers made online payment to Magesh's current account, amounting to Rs. 1,000. There was no entry in the cash book for this.

Answer : Wrong credit in cash book is Rs.1,000
 Instead of personal bank account he can open business bank account (i.e.) current account

10) On 31st, December 2017, Magesh received a bank statement from his bank, which showed a credit balance of Rs.19,700. He instructed Dinesh to check the statement with the cash book. On comparing both, Dinesh found that the cash book showed a balance of Rs. 14,500. He was puzzled.

Answer :

PARTICLUARS	AMOUNT RS	AMOUNT RS
Credit balance as per bank statement		19,700
Add: Overscating of debit side of bank column of the cash book	1,800	
Wrong debit in the cash book	2,500	4,300
		24,000
Less: Wrong credit in cash book	1,010	
Online payment not entered in cash book	1,000	
Wrong credit in the cash book of bank column	5,000	
Insurance premium paid but not entered in cash book.	2,500	9,500
		14,500

Bank reconciliation cash book as on 31st December 2017

Insurance premium paid but not entered in cash book is Rs. 2,500

3 Marks

10 x 3 = 30

11) What is meant by the term "cheque not yet presented?"

- Answer :** (i) When the cheques are issued by the business, it is immediately entered on the credit side of the cash book by the business.
- (ii) But, this may not be entered in the bank statement on the same day.
- (iii) It will be entered in the bank statement only after it is presented with the bank.
- (iv) It is also known as an outstanding cheque.

12) Explain why does money deposited into bank appear on the debit side of the cash book, but on the credit side of the bank statement?

- Answer :** (i) The debit balance as per the cash book means the balance of deposits held at the bank.
- (ii) Such a balance will be a credit balance as per the passbook.
- (iii) Such a balance exists when the deposits made by the firm are more than its withdrawals.
- (iv) It indicates the favourable balance as per cash book or favourable balance as per the passbook.
- (v) In other words, the excess amount withdrawn over the amount deposited in the bank. It is also known as unfavourable balance as per cash book or unfavourable balance as per pass book.

13) From the following information, prepare bank reconciliation statement to find out balance as per bank statement on 31st March 2017.

	PARTICULARS	RS
(i)	Cheques deposited but not yet collected by the bank	500
(ii)	Cheque issued but not yet presented for payment	1,000

	PARTICULARS	RS
(iii)	Bank interest charged	100
(iv)	Rent paid by bank as per standing instruction	200
(v)	Cash book balance	300

Answer :

PARTICULARS	AMOUNT RS.	AMOUNT RS.
Balance as per cash book		300
Add: Cheque issued but not yet presented for payment		1,000
		1,300
Less: Cheques deposited but not yet collected by the bank	500	
Bank interest charged	100	
Rent paid by bank as per standing instruction	200	800
Balance as per bank statement		500

Bank reconciliation statement as on 31st March, 2017

- 14) From the following information, prepare bank reconciliation statement as on 31st December, 2017 to find out the balance as per bank statement.

	PARTICULARS	RS
(i)	Overdraft as per cash book	10,000
(ii)	Cheques deposited but not yet credited	5,000
(iii)	Cheque issued but not yet presented for payment	1,000
(iv)	Payment received from the customer directly by the bank	500
(v)	Interest on overdraft debited by bank	1,000
(vi)	Amount wrongly debited by bank	300

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Overdraft as per cash book		10,000
Add: Cheques deposited but not yet credited	5,000	
Interest on overdraft debited by bank	1,000	
Amount wrongly debited by bank	300	6,300
		16,300
Less: Cheque issued but not yet presented for payment	1,000	
Payment received from the customer directly by the bank	500	1,500
Overdraft balance as per bank statement		14,800

Bank reconciliation statement as on 31st December, 2017

- 15) From the following data, ascertain the cash book balance as on 31st December, 2017.

	PARTICULARS	RS
(i)	Overdraft balance as per bank statement	6,500
(ii)	Cheques deposited into the bank but not yet credited	10,500
(iii)	Cheques issued, but not yet presented for payment	3,000
(iv)	Wrong debit by the bank	500
(v)	Interest and bank charges debited by bank	180
(vi)	Insurance premium Oil goods directly paid by the bank as per standing instructions	100

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Overdraft balance as per bank statement		6,500
Add: Cheques issued, but not yet presented for payment	3,000	3,000
		9,500
Less: Cheques deposited into the bank but not credited	10,500	
Wrong debit by the bank	500	
Interest and bank charges debited by bank	180	
Insurance premium directly paid by the bank as per standing order	100	11,280
Balance as per cash book		-1,780

Bank reconciliation statement as on 31st December, 2017

- 16) Given below are the entries in the bank column of the cash book and the bank statement. Prepare a bank reconciliation statement as on 31st October, 2017

DATE	PARTICULARS	AMOUNT RS	DATE	PARTICULARS	AMOUNT RS
2017 Oct 1	To Balance b/d	20,525	2017 Oct 8	By Kamala A/c	12,000
Oct 18	To Ram A/c	6,943	Oct 26	By Magesh A/c	9740
Oct.19	To Sales A/c (Ravi)	450	Oct.28	By Mala A/c	11780
Oct.20	To Commission A/c (Kala)	200	Oct.30	By Salaries A/c	720
Oct.20	To Nirmala A/c	7810	Oct.31	By Balance c/d	1688
		35,928			35,928
2013 Sep 1	To Balance b/d	1,688			

Cash Book (Bank Columns)

DATE	PARTICULARS	DR WITHDRAWALS RS	CR DEPOSITS RS	BALANCE DR/CR RS
1.10.17	By balance b/d			20,525 Cr.
9.10.17	To Kamala	12,000		8,525 Cr.
19.10.17	By Ram		6,943	15,468 Cr
25.10.17	By Ravi		450	15,918 Cr
26.10.17	To Magesh	9,740		6,178 Cr.
27.10.17	By Kala		200	6,378 Cr.
28.10.17	To Rajan (salaries)	720		5,658 Cr
30.10.17	By Bills receivable		20,000	25,658 Cr
	By Interest on Investment		1,820	23,478 Cr.
31.10.17	To Bills payable	4,000		23,478 Cr.

Pass Book

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Balance as per cash book		1,688
Add: Bills receivable collected, not entered in cash book	20,000	
Interest on investment collected, not entered in cash book	1,820	
Cheques issued but not presented - Mala	11,780	33,600
		35,288
Less: Cheques deposited into bank, but not yet collected -Nirmala	7,810	
Bills payable paid, not entered in cash book	4,000	11,810
Balance as per bank statement		23,478

Bank reconciliation statement as on 31st October 2017

- 17) Explain the differences arising due to errors in recording the entries

Answer : 1. Errors committed in recording the transactions by the business:

(i) Sometimes errors may be committed in the cash book. For example, omission or wrong recording of transaction relating to cheques deposited or issued, wrong balancing, etc.

(ii) In these cases, obviously, there will be differences between bank balance as per bank statement and bank balance as per cash book.

2. Errors committed in recording the transactions by the bank

(i) Sometimes errors may be committed in the banker's book. For example, omission or wrong recording of transaction relating to cheques deposited and wrong balancing.

(ii) In these cases, obviously, there will be differences between bank balance as per bank statement and bank balance as per cash book.

- 18) Ram enterprises received a bank statement on 31st March, 2018, which showed a credit Rs balance of Rs. 13,500. On the same date, the balance as per cash book was Rs. 11,000.

Think of minimum five possible causes of difference [with amount] between these two balances.

	PARTICULARS.	AMOUNT RS
(i)	Credit balance as per bank statement	13,500
(ii)	Bank charges not recorded in cash book	500
(iii)	Cheques deposited but not collected	2,600
(iv)	Insurance premium paid by bank	400
(v)	Cheques issued but not yet provided for payment	6000

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Credit balance as per bank statement		13,500
Add: (2) Bank charges not recorded in cash book	500	
(3) Cheques deposited but not collected	2,600	
(4) Insurance premium paid by bank as per standing order	400	3,500
		17,000
Less: (5) Cheques issued but not yet presented for payment	6,000	6,000
Balance as per cash book		11,000

Bank reconciliation statement of Ram Enterprises as on 31st March, 2018

- 19) Write a note on cheques deposited into bank but not yet credited.

Answer : When the cheques are deposited into bank, the amount is debited in the cash book on the same day. But, these may not be shown in the bank pass book on the same day because these will be entered in the bank statement only after the collection of the cheques.

For example, the balances as per cash book and bank statement are Rs.20,000 for X & Co. X & Co. receives a cheque on 25th March 2016, from ABC Limited for Rs. 5,000. On the same day, X & Co, debits its cash book with Rs. 5,000. But bank credits X & Co's account only when the cheque is collected from ABC Limited bank. This shows that is a time gap between depositing the cheque by the customer (X & Co) and collection of cheque by the bank.

20) Write about the plus or minus presentation of bank reconciliation statement.

Answer : Bank reconciliation statement can also be presented in an alternative method. In such presentation, two columns are given, one to record items that increase the balance (plus items) and the other one to record items that decrease the balance (minus items). Balances as per the cash book or bank statement are written as the starting balance.

Points to noted:

- Debit balance of cash book is written in the "Plus" column.
- Credit balance of cash book (overdraft) is written in the "Minus" column.
- Debit balance as per bank statement (overdraft) is written in the "Minus" column.
- Credit balance as per bank statement is written in the "Plus" column.

After the causes of differences are written, the two columns (plus column and minus column) are totalled and the difference is ascertained. The difference is the balance/ overdraft as per cash book / bank statement, as per the given starting Balance.

Balance as per bank statement is arrived by comparing the total of plus amount and the minus amount. If the plus amount is more than the minus amount, then show the difference amount in minus column. This represents favourable balance as per bank statement.

If the plus amount is less than the minus amount, then show the difference amount in plus column. This represents bank overdraft (unfavourable balance) as per bank statement

5 Marks

5 x 5 = 25

21) From the following information, prepare bank reconciliation statement to find out the bank statement balance as on 31st December, 2017.

PARTICULARS	RS
1. Balance as per cash book	15,000
2. Cheques deposited but not yet credited	1,000
3. Cheques issued and entered in the cash book before 31st December 2017 but not presented for payment until that date	1,500
4. Dividend directly received by bank	200
5. Direct payment made by bank for rent	1,000
6. Locker rent charged by the bank not recorded in cash book	1,200
7. Wrong debit given by the bank on 30th December 2017	500
8. A payment made through net banking has been entered twice in the cash book	300

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Balance as per cash book		15,000
Add: Cheques issued but not presented	1,500	
Dividend Received	200	
Net payment entered twice in the Cashbook	300	2,000
		17,000
Less: Cheques deposited but not yet credited	1,000	
Direct payment by bank	1,000	
Locker Rent charged by the bank	1,200	
Wrongly Debited in the bank	500	3,700
Balance as per bank statement		13,300

Bank Reconciliation Statement of Kamakshi Traders as on 31st March 2018

- 22) From the following particulars of Raheem traders, prepare a bank reconciliation statement as on 31st March, 2018.
- (a) Overdraft as per cash book Rs. 2,500 On the same day the balance as per bank statement is Rs. 1,99,000.
- (b) Interest on debentures of Rs. 700 was received by the bank directly.
- (c) Amount received by bank through RTGS amounting to 2,00,000, omitted in the cash book.
- (d) Two cheques issued for Rs. 1,800 and Rs.2,000 on 29th March 2018. Only the second cheque is presented for payment.
- (e) Insurance premium on car for Rs. 1,000 paid by the bank as per standing instruction not recorded in the cash book.

Answer :

PARTICULARS	AMOUNT	AMOUNT
	RS	RS
Overdraft as per cash book		2,500
Add: Amount received by bank	2,00,000	
Insurance premium paid	1,000	2,01,000
		2,03,500
Less: Cheque issued but not presented	2,000	
Interest on debentures of cash book	700	
Cheque issued	1,800	4,500
Balance as per bank statement		1,99,000

Bank Reconciliation Statement as on 31st March 2018

- 23) Prepare bank reconciliation statement as on 31st March, 2017 from the following extracts of cash book and bank statement.

DATE	PARTICULARS	AMOUNT RS	DATE	PARTICULARS	AMOUNT RS
2017 Mar 1	To Balance b/d	9,000	2017 Mar 4	By Drawings	1,700
3	To Ram	2,200	8	By Sami	3,300
9	To Prem	1,500	12	By Salary	2,800
16	To Pavithra	3,400	16	By Kayal	1,700
23	To Devi	2,600	18	By Pooja	4,200
27	To Mani	1,100	26	By Sam	2,000
30	To Shankar	350	28	By Raheem	1,100
			30	By Rent	1,100
			30	By Balance c/d	2,250
		20,150			20,150

Dr. Cash Book [Ban column only] Cr.

DATE	PARTICULARS	DR. WITHDRAWALS RS	CR. DEPOSITS RS	BALANCE DR./CR RS
2017 Mar 1	To Balance b/d			9,000 Cr.
	To cheque-Drawings	700		8,300 Cr.
5	By cheque - Ram		2,200	10,500 Cr.
9	To cheque - Sumi	3,300		7,200 Cr.
11	By cheque - Prem		1,500	8,700 Cr.
12	To cheque - Salary	2,800		5,900 Cr.
17	To cheque - Kayal	1,700		4,200 Cr.
20	By cheque - Devi		2,600	6,800 Cr.
30	By Interest received		900	7,700 Cr.
30	To bank charges	15		7,685 Cr.

Bank Statement

Answer :

PARTICULARS		AMOUNT RS	AMOUNT RS
Bank as per cash book			2,250
Add: Amount Rs 700 withdrawn by the proprietor was wrongly entered as Rs 1700 in the cash book credit side (i.e. 1700-700)		1,000	
Cheque issued but not presented for payment:	Rs		
Pooja	4,200		
Sam	2,000		
Raheem	1,100		
Rent	1,100	8,400	
Interest credited by the bank		900	10,300
			12,550
Less: Cheque deposited but not yet credited	Rs		
Pavithra	3,400		
Mani	1,100		
Shankar	350	4,850	
Bank charges debited by the bank		15	4,865
Balance as per bank statement			7,685

Bank Reconciliation Statement

- 24) On 31st March 2018, the bank column of the cash book of Senthamarai Traders showed a debit balance of Rs.40,200. On examining the cash book and the bank statement, it was found that:
- A cheque for Rs.2,240 deposited on 29th March, 2018 was credited by the bank only on 4th April, 2018.
 - A payment made through net banking for Rs.180 has been entered twice in the cash book.
 - Cheques amounting to Rs.500 which were issued to trade payables and entered in the cash book before 31st March, 2018 were not presented for payment until that date.
 - Cheque amounting to Rs.2,000 had been recorded in the cash book as having been deposited into the bank on 30th March, 2018, but was entered in the bank statement on 3rd April, 2018.
 - Transport subsidy amounting to Rs.3,000 received from the Government of Tamilnadu directly by the bank, but not advised to the Senthamarai Traders.
 - A sum of Rs.1,500 was wrongly debited to Senthamarai Traders by the bank, for which no details are available.

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Balance as per cash book		40,200
Add: Net payment entered twice in the cash book	180	
Cheques issued to trade payables not yet presented	500	
Transport subsidy collected by bank.	<u>3,000</u>	<u>3,680</u>
		43,880
Less: Cheques deposited but not yet credited by bank	2,240	
Cheques deposited but not yet credited by bank	2,000	
Wrong debit by bank	1,500	5,740
Balance as per bank statement		<u>38,140</u>

Bank reconciliation statement of Senthamarai traders as on 31st March, 2018

- 25) The cash book of Dhandapani showed an overdraft of Rs. 15,000. The cash book entries were checked with the entries in the pass book. The following details were disclosed. Prepare a Bank reconciliation statement to show the Bank Balances as per pass book as on 30th June, 2013.
- Out of the four cheques issued on 27th June, 2013 for Rs. 21,000, two cheques for Rs. 12,000 alone were presented for payment on 29th June, 2013.

- b) Cheques paid into the Bank amounted Rs. 17,800. But the Bank had not cashed and credited in the pass book before that date.
- c) There was an entry on the debit side of the pass book for bank charges, Rs. 150.
- d) The Bank had also debited the account for interest on O/D for Rs. 280.
- e) It was also noticed that the Bank had paid Rs. 2,750 as insurance premium as per standing instructions on 29th June, 2013.

Answer :

PARTICULARS	AMOUNT RS	AMOUNT RS
Overdraft balance as per cash book		15,000
Add: Cheques paid into bank but not cashed	17,800	
Bank charges	150	
Interest on bank overdraft	280	
Insurance premium paid by bank as per standing instructions	2,750	20,980
		35,980
Cheques issued but not presented		9,000
Overdraft balance as per pass book		26,500

In the books of Mr. Dhandapani Bank Reconciliation Statement as on 30.06.2003