



Bank Reconciliation Statement

Exam Crux (MCQ-Oriented Notes)

Key Concepts (Ultra Short Notes)

- **BRS Purpose:** To match Cash Book balance with Bank Statement balance.
- **Balances Used:**
 - Cash Book → Debit balance = Bank balance (favourable)
 - Cash Book → Credit balance = Overdraft
 - Pass Book → Credit balance = Bank balance (favourable)
 - Pass Book → Debit balance = Overdraft
- **Reasons for Differences:**
Cheques deposited but not cleared, cheques issued but not presented, bank charges, interest, direct deposits, dishonour, standing instructions, wrong entries, errors.

CASH BOOK vs PASS BOOK - Magic

FOR PRACTICE PROBLEMS

BASIC TRICK

[IF BALANCE AS PER CASH BOOK IS GIVEN DEBIT OR CREDIT BALANCE IF NOTHING IS GIVEN ITS ALWAYS DEBIT BALANCE]

RULE-1 [RECORDED OR OVER RECORDED OR OVERCAST IN CASH BOOK]	
Receipt [deposited/ credited / collected / issued dishonored] =	Payment [issued / drawn/ paid/ deposited dishonored / charged/ debited/ presented]
LESS	ADD
RULE-2 [NOT RECORDED OR UNDER RECORDED OR UNDERCAST IN CASH BOOK]	
Receipt = ADD	Payment = LESS

PRACTICE QUESTION TO GET THE CONCEPTUAL CLAIRTY

1. The cash book shows a debit balance of ₹ 2,370 but bank statement gives a different figure. The differences found are: a cheque for 700 paid to creditors is not entered in the bank pass book and bank charges of 67 being entered in the cash book as 76. The balance shown in the pass book is
 - A. 3,079 Credit
 - B. 3,061 Credit



**C. 1,679 Credit
D. 1,670 Credit**

2. Debit balance as per cash book is ₹1,500. Cheque deposited but not cleared 100, Cheque issued but not presented 150, Dividend collected by the bank is 50, Interest allowed by the bank is 50. Balance as per Pass book?

**A. 1,550
B. 1,650
C. 1,600
D. 1,950**

3. The cash book showed an overdraft of ₹ 1,500 but the pass book made up to the same date showed that cheques of 100, 50 and 125 respectively had not been presented for payments and the cheque of ₹ 400 paid into account had not been cleared. The balance as per the pass book will:

**A. 2,075
B. 2,175
C. 1,625
D. 1,375**

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4. M/s A enterprises has bank balance of 8,800 as per cash book and the following were found. Three cheques deposited in bank 5,800 but only one cheque for 2,000 was cleared. Dividend collected by bank 1,250 was wrongly entered in cash book as 1,520. What is the balance as per pass book?

**A. 3,480
B. 4,730
C. 2,730
D. 3,750**

5. Balance as per adjusted Cash Book 274. Cheques not yet presented ₹730. Cheques deposited not yet recorded by bank 477 balance as per Pass Book will be

**A. 528
B. 527
C. 500
D. None**



6. Pass book of Makkhu is showed an overdraft balance of ₹65,000, cheque deposited with bank of ₹ 42,000 but out of these cheque for ₹21,000 are not cleared and interest charged by bank ₹440 entered in the pass book only. Bank overdraft as per cash book be:

- a) ₹43,560
- b) ₹44,440
- c) ₹85,560
- d) ₹22,560

7. Balance as per cash book ₹5,000. Cheques issued but not presented for payment? ₹2,000 and cheques sent for collection but not collected ₹1,500. The bank has wrongly debited the account of the firm by ₹ 200. Balance as per pass book will be:

- a) ₹5,500
- b) ₹5,300
- c) ₹5,700
- d) ₹8,300

8. Overdraft as per cash book ₹6,300, cheques deposited but not credited 2,300, cheques issued but not presented for payment 2,368, overdraft as per pass book will be:

- a) ₹6,232
- b) ₹6,000
- c) ₹6,300
- d) ₹6,338



FOR THEORITICAL QUESTIONS ON WHETHER THE AMOUNT WILL BE ADDED OR DEDUCTED

- ✓ POSITIVE BALANCE / DEBIT CB / CREDIT PB = **SAME RULE AS ABOVE FOR ADD OR LESS**
- ✓ NEGATIVE BALANCE / CREDIT CB / DEBIT PB/ OVERDRAFT = **CHANGE THE SIGN OF ABOVE RULE**

1. When overdraft as per Cash Book is the starting point, a cheque of ₹500 deposited in to bank but not recorded in Cash Book will be:

- A. Added by ₹500
- B. Deducted by ₹500
- C. Added by ₹1,000
- D. Deducted by ₹1,000

2. Bank has directly paid 1,250 for rent as per standing instructions. In BRS starting with Pass Book overdraft

- A. 1,250 will be added to Pass Book overdraft
- B. 2,500 will be added to Pass Book overdraft
- C. This amount will be ignored
- D. 1,250 will be deducted from Pass Book overdraft.

3. A cheque deposited amounting to ₹ 1,000 is dishonoured bank has debited the amount of the cheque and ₹15 for its charges, in BRS starting with cash book balance:

- a) ₹ 1,000 will be added and ₹ 15 will be deducted
- b) ₹ 1,015 will be added
- c) ₹1,015 will be deducted
- d) ₹ 1,000 will be deducted and ₹15 will be added

4. A customer has paid ₹ 850 directly in the bank, in the BRS starting with cash book overdraft

- a) ₹ 850 will be added to cashbook overdraft.
- b) It will be ignored.
- c) ₹ 1700 will be added to cash book overdraft.



d) ₹ 850 will be deducted from cash book overdraft.

5. Debit balance of Rs. 10,000 in the Cash Column of the Cash Book shows that

- (a) Rs. 10,000 has been paid out.
- (b) Rs. 10,000 is owing.
- (c) the amount received exceeds the amount paid by Rs. 10,000.
- (d) Rs. 10,000 has been credited into the Bank Account.

6. Bank charges Rs.5,000 debited twice in pass book. What should be done in BRS if overdraft as per cash book is starting point?

- a) Rs.5,000 must be deducted
- b) Rs.5,000 must be added
- c) Rs. 10,000 must be deducted
- d) Rs. 10,000 must be added

7. Bank has directly paid 2,250 for electricity bill as per standing instructions. In Bank Reconciliation

- a. 2,250 will be added to Pass Book overdraft.
- b. 4,500 will be added to Pass Book overdraft.
- c. 2,250 will be deducted from Pass Book overdraft.
- d. None of the above

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Adjusted cash book questions

1. From the following details ascertain the adjusted bank balance as per cash book: Overdraft as per cash book 1,60,000, cheque received entered twice in cash book 10,000; credit side of bank column cast short by ₹ 1,000. Bank charges amounting to 400 entered twice:
 - A. 1,61,000
 - B. 1,71,000
 - C. 1,70,000
 - D. 1,70,600
2. From the following details ascertain the adjusted bank balance as per Cash Book overdraft as per cash book ₹80,000; cheque received entered twice in the Cash



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Book 25,000; credit side of bank column cast short by 500; bank charges amounting to 200 entered twice; cheque issued but dishonoured ₹2,000.

- A. ₹80,500
- B. 85,500
- C. 85,000
- D. 83,300



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