

Solved Example [1] – Bank reconciliation statement

Sunil's Cash Book (Bank Column only) for the month of January 2008 was as follows:

		Dr. Amt (\$)			Cheque No.	Cr. Amt. (\$)
Jan 1	Balance b/d	600	Jan 5	Ramesh	10110	410
Jan 9	Cash	420	Jan 24	Sudhir	10111	290
Jan 31	Cash	720	Jan 30	Drawings	10112	250
			Jan 31	Balance c/d		790
		1740				1740

He received the following Statement from his Bank at the beginning of February 2008

Date	Details	Payments (\$)	Receipts (\$)	Balance(\$)
Jan 1 2008	Balance brought forward			700
Jan 7	Cheque 10110	410		290
Jan 9	Cheque 10109	100		190
Jan 9	Cash		420	610
Jan 15	Banker's Order-Insurance	140		470
Jan 30	Cheque 10112	250		220
Jan 31	Deposit Interest		80	300

You are required to:

1. Bring the Cash Book up to date, starting with the balance carried down of \$790 on 31 January 2008.
2. Prepare a Statement, under its proper titles, to reconcile the difference between your amended Cash Book balance and the balance in the Bank Statement on 31 January 2008.

Solution

Hint 1

Compare all cheques in Bank Statement with the Cash Book. 10109 does not appear in Cash Book. Looking at the Cheque no. we can know that it is cheque drawn out from the previous month but presented by payee in January. No adjustment required in the books.

Hint 2

This is insurance payment made by bank on behalf of Sunil.

Cash Book

		(\$)			(\$)
2008 Jan 31	Balance b/d	790	2008 Jan 31	Insurance Premium	140
	Deposit Interest	80		Balance c/d	730
		870			870
Feb 1	Balance b/d	730			

Bank Reconciliation Statement

	(\$)
Balance as per Cash Book	730
Less Uncredited Cash deposit at 31 January	720
	10
Add Unpresented Cheque	290
Balance as per Bank Statement	300