

BANK RECONCILIATION STATEMENT (II)

Example # 15.1: Prepare Bank Reconciliation Statement to find out adjusted balances in both books of Zakirullah Traders on June 30th, 2015?

- a) Unfavorable balance as per Bank Statement Rs. 55,000, while cash book credit balance of Rs. 47,100
- b) Mark-up charged by bank Rs. 600
- c) Check of customer Basher & Company for Rs. 3,500 was dishonored and returned by bank
- d) Dividend collected by bank not recorded in the cash book amounted to Rs. 2,000
- e) Checks issued amounted to Rs. 10,000 but presented to bank for payment worth Rs. 5,800
- f) A checks deposited into the bank of worth Rs. 30,000 but Rs. 10,000 check was not collected by bank

| <i>Cash Book</i> | <i>Bank Statement</i> |
|------------------|-----------------------|
| | |

Zakirullah Traders
Bank Reconciliation Statement
 As on June 30th, 2015

| | | |
|-------------------------|--|--|
| | | |
| Add: | | |
| | | |
| | | |
| | | |
| Less: | | |
| | | |
| Adjusted Balance | | |
| | | |
| Add: | | |
| | | |
| | | |
| Less: | | |
| | | |
| Adjusted Balance | | |

Example # 15.2: Ms. Fiza Naseem works as a cashier for Pine & Co. Abbottabad. Her responsibilities include entering and maintaining the firm's cash book and preparing a bank reconciliation statement at the end of each month. The firm's cash book for July 2016 which she has just finished entering and balancing for the month end is shown below (Note: for the sake of clarity the cash and discount columns have been omitted from cash book.) A copy of the firm's bank statement from the Star Bank Limited dated 31st July 2016 has just been received and is also illustrated. The numerical difference between the two is; Bank statement Rs. 903.00 minus cash book Rs. 641.70 = Rs. 261.30
This is the difference which Fiza will have to 'reconcile'.

Step 1 – Tick off the items in both cash book and bank statement

Cash Book

| Receipts | | | | Payments | | | |
|--------------|-------------|-----|-----------------|--------------|-------------|-----|-----------------|
| Date | Description | Ref | Bank | Date | Description | Ref | Bank |
| 2011 | | | | 2011 | | | |
| July | 1 | | 756.20 | July | 2 | | 50.00 |
| | 3 | | 220.00 | | 2 | | 130.00 |
| | 15 | | 330.00 | | 2 | | 10.00 |
| | 31 | | 63.00 | | 8 | | 27.50 |
| | | | | | 14 | | 89.00 |
| | | | | | 14 | | 49.00 |
| | | | | | 15 | | 250.00 |
| | | | | | 26 | | 122.00 |
| | | | | | 31 | | 641.70 |
| Total | | | 1,369.20 | Total | | | 1,369.20 |

Bank Statement

| Date | Description | Ref | Dr. Amount | Cr. Amount | Balance |
|------|-------------|-----|------------|------------|-------------|
| 2011 | | | | | |
| July | 1 | | | | 756.20 (Cr) |
| | 4 | | | 220.00 | 976.20 |
| | 9 | | 50.00 | | 926.20 |
| | 14 | | 10.00 | | 916.20 |
| | 16 | | 89.00 | | 827.20 |
| | 19 | | | 330.00 | 1,157.20 |
| | 24 | | 250.00 | | 907.20 |
| | 26 | | 122.00 | | 785.20 |
| | 30 | | 49.00 | | 736.20 |
| | 31 | | 12.95 | | 723.25 |
| | 31 | | | 179.75 | 903.00 (Cr) |

Step 2 – Enter missing items which are not tick

| <i>Cash Book (Bank Column Missing)</i> | <i>Bank Statement (Missing)</i> |
|--|---------------------------------|
| | |

Step 3 – Make Bank Reconciliation Statement

Pine & Co. Abbottabad
Bank Reconciliation Statement
 As on July 31st, 2016

| | | |
|--------------|--|--|
| | | |
| | | |
| <i>Add:</i> | | |
| | | |
| | | |
| | | |
| | | |
| <i>Less:</i> | | |
| | | |
| | | |
| | | |

Step 4 – Balance the cash book bank columns to produce an updated balance

Adjust the cash book by recording therein those items which do not appear in it but which are found in the bank statement, thus computing the correct balance of the cash book

Cash Book

| Receipts | | | | Payments | | | |
|--------------|-------------|-----|------|--------------|-------------|-----|------|
| Date | Description | Ref | Bank | Date | Description | Ref | Bank |
| 2016 | | | | 2016 | | | |
| July | | | | July | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | Total | | | |
| Aug | | | | Aug | | | |

