

Solved Example [2] – Bank reconciliation statement

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

Dr.		(\$)	Cr.		(\$)
June 1	Balance b/f	600	June 3	Tim	90
June 14	Cash	225	June 19	Sam	270
June 26	Roby	60	June 23	Rakesh	1050
June 30	Balance	450			
		1410			1410

The following Bank Statement was received in early July 2008:

2008	Details	Payments	Receipts	Balance
June 1	Balance brought forward			520
1	Error corrected-contra 31 May		80	600
14	Cash		225	825
15	Tim	90		735
20	Banker's Order-fire insurance	85		650
21	Sam	270		380
26	Roby		60	440
29	Unpaid cheque –Roby	60		380
30	Dividend		90	470

You may assume that the bank balance was successfully reconciled at the end of March.

- Bring the Cash Book up to date, starting with the balance at 30 June 2008.
- Prepare a Statement, under its correct title, to reconcile the difference between your amended Cash Book balance and the balance in the Bank Statement on 30 June 2008.
- State the amount of the up-dated bank balance.

Solution

(a) Cash Book

2008		(\$)			(\$)
June 30	Dividend	90	June 30	Balance b/f	450
	Balance c/f (adjusted)	505		Bankers' Order	85
				Dishonoured Cheque	60
		595			595

(b) Bank Reconciliation Statement

	(\$)
Balance as per Bank Statement (Credit)	470
Add Uncredited Deposits	75
	545
Less Unpresented Cheques	1050
Balance as per Cash Book (Credit)	505

(c) The amount of the up-dated balance is \$505 (credit balance as per Cash Book)

Hint 1

This is a credit balance i.e. an overdraft

Hint 2

This entry has already appeared in Cash Book in May. Note the date 31 May. Note also the difference between opening balance in Cash Book (\$600) and opening balance in Bank Statement (\$520) is \$80. So no adjustments in June.

Hint 3

This is a credit balance. A credit balance in Bank Statement is equivalent to a debit balance in Cash Book.

Hint 4

Updated means, after all necessary adjustments have been made.