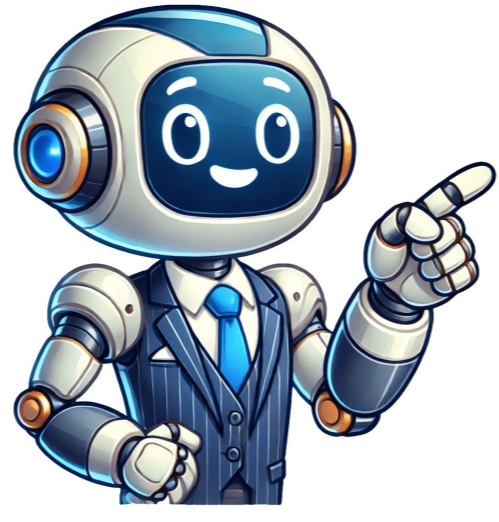


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amount \$789 might be incorrectly recorded as \$798, resulting in a difference of \$9. Perhaps \$1,458 was recorded as \$1,548, resulting in a difference of \$90. Another type of error involves omitting or adding a zero, such as recording \$500 instead of the actual amount of \$5,000 (a difference of \$4,500). In these types of errors, the differences are evenly divisible by 9: $\$99/9 = 1$, $\$90/9 = 10$, $\$4,500/9 = 500$. If your bank reconciliation does not balance and the difference is evenly divisible by 9, you may be able to rule out many errors on your effort to identify the error. As a guide to listing the adjustments on the bank reconciliation, you may find the following is both helpful and easy to remember: Two examples of this TIP are shown next. Outstanding check On May 30, Ott Company issued and recorded its check #147 for \$100. However, the check was not paid by the bank as of May 31 (the day of the bank reconciliation). Since check #147 is in Ott Company's general ledger Cash account, but isn't on the May 31 bank statement, check #147 is an outstanding check that will be an adjustment to the Balance per BANK. The adjustment will be a deduction from the unadjusted balance per BANK. Bank service charge Generally, a company does not record the bank's monthly service charge until the company reviews the monthly bank statement. In early June, SmithCo sees that the bank deducted \$25 for the May service charge. Since the bank's service charge is on the bank statement but isn't in the company's general ledger as of the May 31 bank reconciliation, the \$25 service charge will be an adjustment to the Balance per BOOKS. The adjustment for the service charge is subtracted from the unadjusted balance per BOOKS. The process for preparing the bank reconciliation of a company's checking account includes: Identifying and reviewing any difference between every amount on the bank statement (or the online banking information) and every amount in the company's Cash account. Determining the true/correct/adjusted balance for the company's Cash. This is done by listing the unadjusted balance from the bank statement, the unadjusted balance from the company's Cash account, and then listing the adjustments (differences) that were identified. Recording the pertinent adjustments to the company's Cash account. We suggest the following five steps for preparing a bank reconciliation: Step 1. Compare every amount on the bank statement (or in the bank's online information) with every amount in the company's general ledger Cash account and note any differences. Compare the amount of every check that was paid by the bank (cleared the bank account) with the amount of every check in the company's Cash account. Any differences, such as the outstanding checks and errors, must be shown on the bank reconciliation. Compare every deposit processed by the bank with the receipts recorded in the company's Cash account. Any differences, such as a deposit in transit and/or errors, must be shown on the bank reconciliation. Compare other items on the bank statement with the other items in the company's Cash account. Any differences, such as bank fees, checks returned because of insufficient funds, collections made by the bank, etc., must be shown on the bank reconciliation. Step 2. Complete the Balance per BANK side of the bank reconciliation format. The Balance per BANK side of the bank reconciliation requires the following: Enter the unadjusted balance from the bank statement (or online banking information). Add any deposits in transit. These are receipts in the company's Cash account that have not been processed by the bank as of the date of the bank reconciliation. Subtract any outstanding checks. These are the checks the company had issued and recorded in its Cash account, but they have not been paid by the bank (not cleared the bank account) as of the date of the bank reconciliation. Add/subtract other items with amounts that were incorrectly recorded by the bank. Combine the above amounts and show the total amount on the bottom line, Adjusted balance per BANK. Step 3. Complete the Balance per BOOKS side of the bank reconciliation format. The Balance per BOOKS side of the bank reconciliation requires the following: Enter the unadjusted balance appearing in the company's general ledger Cash account. Add any increases (interest earned, bank credit memos) that are shown on the bank statement but were not yet recorded in the company's Cash account. Subtract any decreases (such as bank services charges, return items, bank debit memos) that are shown on the bank statement but are not yet recorded in the company's Cash account. Add/subtract other items with amounts that were incorrectly recorded by the company. Combine the amounts on the right side and show the total on the bottom line, Adjusted balance per BOOKS. Step 4. Be certain that the bank reconciliation shows Adjusted balance per BANK = Adjusted balance per BOOKS. The bottom line of both sides of the bank reconciliation must be the same amount. In other words, Adjusted balance per BANK must equal Adjusted balance per BOOKS. Note: Having the Adjusted balance per BANK = Adjusted balance per BOOKS does not guarantee that the company's cash has been completely accounted for. For instance, if an employee had stolen some of the company's cash receipts before the money was recorded in the company's accounts (and obviously not deposited in the company's bank account), the missing amount will not be detected by the bank reconciliation. Step 5. Record in the company's general ledger the adjustments to the balance per BOOKS. Since the adjustments to the balance per the BOOKS have not been recorded as of the date of the bank reconciliation, the company must record them in its general ledger accounts. For example, if one of the adjustments to the balance per BOOKS is a \$25 service charge (that was on the bank statement on May 31, 2024 but not yet recorded in the company's general ledger), the company must post the following entry: Note: After recording/posting the adjustments to the general ledger accounts, it is important to confirm that the company's general ledger Cash account balance is indeed equal to the Adjusted balance per BOOKS shown on the bottom line of the bank reconciliation. Next, we will prepare a bank reconciliation for a hypothetical company by using transactions that are commonly encountered. In this section we will prepare a June 30 bank reconciliation for Lee Corp using the five steps discussed above. Step 1. Compare every amount on the bank statement (or the bank's online information) with every amount in the company's general ledger Cash account and note any differences. After comparing every item on the bank statement (checks paid, deposits processed, other items) with every item in Lee Corp's general ledger Cash account (checks written, money received, other items), we listed the differences and other pertinent information in the table that follows. (The letter in the "Item" column will be shown on the bank reconciliation next to the amount.) Keep in mind our TIP: Put the item where it isn't. This means: If an item appears on the bank statement (but isn't in the company's general ledger), put the item on the bank reconciliation under Adjustments to BOOKS If an item is already in the company's general ledger Cash account (but it isn't on the bank statement), put the item on the bank reconciliation under Adjustments to BANK Step 2. Complete the Balance per BANK side of the bank reconciliation format. Step 3. Complete the Balance per BOOKS side of the bank reconciliation format. Step 4. Be Certain the Adjusted Balance per BANK = Adjusted Balance per BOOKS. Since the Adjusted balance per BANK of \$1,719 is equal to Adjusted balance per BOOKS of \$1,719, the bank statement of August 31 has been reconciled. Step 5. Record in the company's general ledger the adjustments to the balance per BOOKS. Recall that the adjustments to the balance per BOOKS will require accounting entries for the items to be posted to the company's general ledger accounts. For each of the adjustments shown on the Balance per BOOKS side of the bank reconciliation, a journal entry is required. Each journal entry will affect at least two accounts, one of which is the company's general ledger Cash account. [Note: The company does not make accounting entries for the adjustments to the bank's records.] The following are the necessary entries for the adjustments to the balance per BOOKS. We reference each entry as E, F, B, D, G, C, or K, as indicated on the right side of the bank reconciliation. Adjustment EThe bank statement showed that on June 30, the bank added \$8 of interest that had been earned by Lee Corp. Assuming that this was not yet recorded in Lee Corp's general ledger, the following journal entry is required: Adjustment FOn June 29, the bank statement showed a bank credit memo of \$1,000 which caused the checking account balance to increase. We assume that Lee Corp had not yet recorded the collection of the note in its general ledger accounts. Therefore, Lee Corp must increase its Cash account balance and decrease the balance in its asset account Notes Receivable. This is achieved by the following journal entry: Adjustment BThe bank statement shows a service charge of \$35 on June 30. Since this reduced the balance in Lee Corp's checking account, Lee Corp must credit its Cash account and debit an expense such as Bank Fees Expense. Lee Corp's entry is: Adjustment DOn June 26, the bank statement showed that the bank processed a debit memo of \$80 for the printing of Lee Corp's checks. While the bank debits its liability account Customers' Deposits to reduce its credit balance, Lee Corp must credit its asset account Cash to reduce its debit balance. Assuming that Lee Corp has not yet recorded the \$80 printing cost, Lee Corp will record this journal entry: Adjustment GOn June 29, the bank statement showed a debit memo of \$40 for the bank's fee for collecting a note receivable for Lee Corp. Since this reduces Lee Corp's checking account balance, Lee Corp will need to reduce the balance in its general ledger asset account Cash. Assuming this has not yet been recorded, the following entry is needed: Adjustment COn June 28, the bank statement showed that Lee Corp's checking account balance was decreased by \$110 for a check that Lee Corp had deposited in its checking account. (The deposited check was not paid by the bank on which it was drawn and was returned.) As a result, Lee Corp must reduce its general ledger Cash account by \$110. Assuming this was not yet recorded by Lee Corp, it will record the following entry: Adjustment KOn June 27 Lee Corp had increased its Cash account and its Sales account by \$145. While reconciling its August bank statement, Lee Corp learned that the correct amount was \$154. Therefore, Lee Corp must increase its Cash account balance by \$9 and increase its Sales by \$9. (Instead of removing the \$145 and then adding \$154, Lee Corp is adding the difference of \$9 to the accounts.) Note: After the above entries are posted to the general ledger accounts, it is important to confirm that the balance in the Cash account is equal to the Adjusted balance per BOOKS shown on the bank reconciliation. It is also necessary to contact the bank immediately for any bank errors that were discovered in order for the bank account to be corrected. Where to Go From Here We recommend taking our Practice Quiz next, and then continuing with the rest of our Bank Reconciliation materials (see the full outline below). We also recommend joining PRO Plus to unlock our premium materials (certificates of achievement, video training, flashcards, visual tutorials, quick tests, quick tests with coaching, cheat sheets, guides, business forms, printable PDF files, progress tracking, badges, points, medal rankings, activity streaks, public profile pages, and more). Disclaimer You should consider our materials to be an introduction to selected accounting and bookkeeping topics (with complexities likely omitted). We focus on financial statement reporting and do not discuss how that differs from income tax reporting. Therefore, you should always consult with accounting and tax professionals for assistance with your specific circumstances. The bank account on which checks are written or drawn. A bank refers to checking accounts as demand deposits. Cash received. Receipts are different from revenues. That part of the accounting system which contains the balance sheet and income statement accounts used for recording transactions. One of the main financial statements. The balance sheet reports the assets, liabilities, and owner's (stockholders') equity at a specific point in time, such as December 31. The balance sheet is also referred to as the Statement of Financial Position. Checks which have been written, but have not yet cleared the bank on which they were drawn. In the bank reconciliation, outstanding checks are deducted from the balance per bank. An account in the general ledger, such as Cash, Accounts Payable, Sales, Advertising Expense, etc. The accounting term that means an entry will be made on the left side of an account. A record in the general ledger that is used to collect and store similar information. For example, a company will have a Cash account in which every transaction involving cash is recorded. A company selling merchandise on credit will record these sales in a Sales account and in an Accounts Receivable account. A document issued to a customer by a seller which reduces the seller's accounts receivable and its net sales. It also reduces the buyer's accounts payable and net purchases. A document issued by a bank that increases a depositor's bank balance. Things that are resources owned by a company and which have future economic value that can be measured and can be expressed in dollars. Examples include cash, investments, accounts receivable, inventory, supplies, land, buildings, equipment, and vehicles. Assets are reported on the balance sheet usually at cost or lower. Assets are also part of the accounting equation: Assets = Liabilities + Owner's (Stockholders') Equity. Some valuable items that cannot be measured and expressed in dollars include the company's outstanding reputation, its customer base, the value of successful consumer brands, and its management team. As a result these items are not reported among the assets appearing on the balance sheet. Obligations of a company or organization. Amounts owed to lenders and suppliers. Liabilities often have the word "payable" in the account title. Liabilities also include amounts received in advance for a future sale or for a future service to be performed. An asset account in a bank's general ledger that indicates the amount at which the bank is reporting or carrying its investments. An asset account in a bank's general ledger that indicates the amounts owed to bank customers for the balances in the customers' individual checking, savings, and certificate of deposit accounts. A balance on the right side (credit side) of an account in the general ledger. The time between when a check is written and when the check clears the bank account on which it is drawn. A company's receipts that appear on the company's records but do not yet appear on the bank statement. For example, a retail store's receipts of March 31 are deposited after banking hours on March 31 or on the morning of April 1. Those receipts are in the company's general ledger Cash account on March 31, but are not on the March 31 bank statement. As a result they are said to be "in transit" on March 31. On the bank reconciliation a deposit in transit is an adjustment (an addition) to the balance per bank. The amount of principal due on a formal written promise to pay. Loans from banks are included in this account. A check often referred to as an NSF check, a rubber check, or a check that bounced. It is a check that was not paid by the bank of the issuer (writer) of the check because the checking account of the issuer did not have sufficient collected funds in the account. The entry made in a journal. It will contain the date, the account name and amount to be credited. Each journal entry must have the dollars of debits equal to the dollars of credits. An asset representing the right to receive the principal amount contained in a written promissory note. Principal that is to be received within one year of the balance sheet date is reported as a current asset. Any portion of the notes receivable that is not due within one year of the balance sheet date is reported as a long term asset. A balance on the left side of an account in the general ledger. Typically expenses, losses, and assets having debit balances. A revenue account that reports the sales of merchandise. Sales are reported in the accounting period in which title to the merchandise was transferred from the seller to the buyer. Usually, when a trader looks into his Cash (Bank column) Book and the Pass Book, there may be differences. At the end of financial year, it is necessary to show the correct financial statements. Thus it is implied that the entries ought to be made, should be made. Thus the trader tries to adjust his Cash Book by incorporating the entries or items like-Bank charges, Interest, direct deposit etc in Pass Book. He will also try to rectify the error in his Cash Book, if any. With these adjustments, reconciliation is done with the remaining items, say, cheques issued but un-presented, cheques deposited but un-credited, Pass Book error, etc. The following example will clarify the adjustment. The following illustration will clarify the adjustments: Illustration 1: From the following particulars, ascertain the Bank balance as per Pass Book as on 31st December. 1. The Bank balance as per Cash Book on the date was Rs 11,500. 2. Cheques issued but not cashed before that date amounted to Rs 1,750. 3. Cheques paid into Bank, but not cleared before December amounted to Rs 2,150. 4. Interest on Investments collected by the Bank but not entered in the Cash Book amounted to Rs 275. 5. Local cheque paid in but not entered in the Cash Book Rs 300. 6. Bank Charges debited in the Pass Book Rs 25. Solution: (a) Without adjustment in Cash Book: (b) With adjustment in Cash Book: If the balance at Bank, as per the Cash Book adjusted, it will be Rs 12,050, thus: Illustration 2: Sri Balan maintained two separate Banking Accounts, one with Union Bank and the other with State Bank. On 31st December 2004, the bank balance as per Union Bank Statement and the State Bank statement were Rs 556 and Rs 1,308 respectively. But the bank balance in Balan's books on that date were Rs 2,870 (Dr-) and 4,680 (Dr-) respectively. On verification of these records the following information was ascertained: (a) A cheque of Rs 250 from Roy which was directly remitted to the Union Bank was not entered in Balan's books. (b) A cheque for Rs 700 drawn on State Bank and paid to Sen & Co. was entered in Union Bank Account in Balan's book. (c) Payment of Rs 1,020 by Union Bank to Life Insurance Corporation of India under a standing order was not recorded in Balan's book. (d) Cheques lodged but not yet credited Rs 212 for Union Bank and Rs 1,600 for State Bank. (e) A cheque for Rs 57 paid in State Bank was returned dishonoured but this was not recorded in Balan's books. (f) Bank charges of Rs 32 and Rs 45 for Union Bank and State Bank respectively were not accounted for by Balan. (g) Rs. 350 recorded to be deposited into State Bank on 31st Dec. 2004 was actually credited by Bank on 4th Jan. 2005. (h) There were no un-presented cheques except one for Rs 620 drawn on State Bank. Ascertain actual Bank balances of Sri Balan on 31st December 2004 and prepare a Bank Reconciliation Statement. Illustration 3: From the following particulars prepare a Bank Reconciliation Statement of Govil as on 31st December 2004: 1. Balance as per Pass Book on 31st Dec. 2004 Rs 8,500. 2. Cheques for Rs 5,100 were issued during the month of December but of these cheques for Rs 1,200 were presented in the month of January 2005 and one cheque for Rs 200 was not presented for payment. 3. Cheques and cash amounting to Rs 4,800 were deposited in Bank during December but credit was given for Rs 3,800 only. 4. A customer has deposited Rs 800 into the Bank directly. 5. The Bank has credited the merchant for Rs 200 as interest and has debited him for Rs 30 as bank charges, for which there are no corresponding entries in the Cash Book. Illustration 4: Ranganath has two accounts with Hanuman Bank, styled Account No. 1 and Account No. 2 On 31st December 2004, his Cash Book showed balances of Rs 5,400 and Rs 2, 70,400 in the two accounts respectively. On an examination of Bank's statement, the following were noticed: (a) Rs 27,000 has been transferred from Account No. 2 to Account No. 1 by the Bank without advice to Ranganath. (b) Rs 10 has been Bank's incidental charges in respect of each account which was also not adv.sed. (c) Cheques for Rs 5,421 issued in Account No. 1 late in December have not yet been presented to the Bank. (d) A cheque for Rs 4,272 deposited by Ranganath into Account No. 2 has been credited by the Bank into Account No. 1. You are required to prepare Reconciliation Statement showing the balance as per Bank Statements. Illustration 5: A firm has two Accounts with State Bank of India. The Accounts were known as Account No. 1 and Account No. 2 As at 31st December 2004, the balance as account books reflected the following: Account. No. I Rs 1, 25,000 good balance. Account No. II Rs 1, 11, 250 Overdraft balance. The Accountant failed to tally the balance with the Pass Book and the following information was available: (a) The Bank has charged interest on Account No. II Rs 11,375 and credited interest on Account No. I Rs 1,250. These were not recorded by the Accountant. (b) Rs 12,500 drawn on 10th December 2004, from Account No. I was recorded in the books of Account No. II. (c) Bank charges of Rs 150 and Rs 1,125 for Account No. I and Account No. II were not recorded in the books. (d) A deposit of Rs 17,500 in Account No. 1 was wrongly entered in Account II in the books. (e) Two cheques of Rs 12,500 and Rs 13,750 deposited in Account No. I, but entered in Account No. II in the books, were dishonoured. The entries for dishonoured cheques were entered correctly in Account No. II. (f) Cheques issued for Rs 1, 50,000 and Rs 15,000 respectively from Account No. 1 and Account No II were not presented until 5th January 2005. (g) Cheques deposited for Rs 1, 25,000 and Rs 1, 17,500 in Account No. I and Account No. II respectively were credited by the Bank only on 2nd February 2005. You are required to prepare Bank Reconciliation Statement for Account No. I and Account No. II. Illustration 6: The Pass Book of John shows a debit balance of Rs. 500 on 31st October 2006. On comparison of the Pass Book with the Cash Book, it is observed that: (i) Cheques issued by John in October 2006 amounted to Rs. 4,535 of which cheques amounting to Rs. 3,535 were paid by the bank by 31st October 2006. (ii) John deposited cheques amounting to Rs. 5,000 on 31st October 2006 and these cheques were realised by the Bank on 1st November 2006. (iii) Yogi a customer of John had directly deposited a sum of Rs. 3,000 on 24th October 2006 to the credit of John account with the Bank. John recorded this receipt on 4th November 2006. (iv) The bank had debited John's account with Rs. 1,520 on 31st October 2006 on account of a dishonoured bill. No entry for the same has been made in the account books. (v) On 31st October 2006 John's account was credited with Rs. 130 being dividend collected by the bank. On the same day, his account was debited with Rs. 10 being bank charges. Both these entries were recorded by John only on 5th November 2006. Prepare a Bank Reconciliation Statement as on 31st October 2006: Illustration 7: From the following particulars ascertain the bank balance as per bank pass book of Ramnath as on 31st December 2006: (a) Bank overdraft as per Cash Book on 31st December 2006, Rs. 6,000. (b) Interest on overdraft for six months ending 31st December 2006 Rs. 2006 but not cleared till November 2006 Rs 6 450 Rs 1 490 and Rs. 1,852. (c) Bank overdraft interest charged on 28th October not entered in Cash Book Rs. 3,220. (d) Cheque received on 29th October 2006 entered in Cash Book but not deposited in bank till November 3, 2006, Rs. 22,644 and Rs. 3,460. (e) Cheque received amounting to Rs. 70 entered in Cash Book twice. (f) Bills receivable due on 29th October 2006 sent to Bank for collection on 28th October 2006 and entered in Cash Book forthwith but the proceeds were not credited in the Pass Book till 3rd November 2006, Rs. 5,960. (g) A periodic payment by bank of Rs. 160 understanding instructions not entered in the cash book. (h) Cheque deposited on 30th October 2006 dishonoured but the entry thereof was not made in the Cash Book Rs. 3,780. Illustration 9: Prepare a Bank Reconciliation statement as on 30th November 2006 from the following information: 1. Balance as per Pass Book on 30th November 2006, overdrawn Rs. 40,000 2. On 5th October 2006, Mr. Ram deposited a cheque for collection of Rs. 2,000 and made entry in the Cash Book which appears in the Pass Book on 6th December 2006, at Rs. 1,900. 3. Cheques issued to parties but not presented for payment till 30th November 2006 are of Rs. 1,050, Rs. 1670 and Rs. 1,800. 4. Cheques deposited for collection but collected by bankers till 30th November 2006 Rs. 17,520 and Rs. 820. 5. Interest on investment collected by Bankers on 30th November 2006 Rs. 1,910 entered in Cash Book on 4th December 2006 on receipt of Bank intimation. 6. Bank charges Rs. 180 of 27th November 2006, not entered in Cash Book. 7. Cheque deposited for collection on 30th November 2006 but returned dishonoured on 6th December 2006 Rs. 1,890. 8. Bankers have made a mistake in balancing by showing overdrawn balance in excess by Rs. 2,000 on 30th November 2006 which was rectified in bank pass book on 7th December 2006. Illustration 10: Titan Ltd. received its bank statement for the period ended 30th June 2006 but this does not agree with the balance shown in the Cash Book of Rs. 2,972 in Company's favour. Examination of the two records, revealed the following: 1. A deposit of Rs. 492 paid in on 29th June 2006 had not been credited by the bank until 1st July 2006. 2. Bank charges amounting to Rs. 17 had not been entered in the Cash Book. 3. A debit of Rs. 42 appeared on the bank statement for an unpaid cheque, which had been returned marked "Out of date". The cheque had been re-dated by the customer of Titan Ltd. and paid into the bank again on 3rd July 2006. 4. A standing order for payment of an annual subscription amounting to Rs. 10 had not been entered in the Cash Book. 5. On 25th June, the Managing Director had given the cashier a cheque for Rs. 100 to pay into his personal account at the bank. The cashier had paid it into the company's account by mistake. 6. On 27th June, two customers of Titan Ltd. had paid direct to the company's bank account Rs. 499 and Rs. 157 for goods supplied. The advices were not received by the company until 1st July and were entered in the Cash Book under that date. 7. On 30th March 2006, the company had entered into a hire purchase agreement to pay by Banker's order a sum of Rs. 26 on the 10th day of each month commencing from April. No entries had been made in the Cash Book. 8. Rs. 364 paid into the Bank had been entered twice in cash book. 9. Cheque issued amounted to Rs. 4,672 had not been presented to the bank for payment until after 30th June. 10. A customer of the company, who received a cash discount of 2.5% on his account of Rs. 200, paid the company a cheque on 10th June. The Cashier, in error, entered the gross amount in the bank col. of the cash book. You are required: (a) To show the necessary adjustments in the Cash Book of Titan Ltd. bringing down the correct balance on 30th June 2006. (b) To prepare a reconciliation statement. Illustration 11: Prepare the Bank Reconciliation Statement from the following data as on 30.11.06: (i) Balance as per the Pass Book 30.11.06 (Dr.) Rs. 9,204. (ii) Cheques drawn on 30.11.06 but not cleared till December 2006 Rs. 3,225 Rs. 745 and Rs. 926. (iii) Bank interest on overdraft not entered in the Cash Book Rs. 1,610. (iv) Cheque received on 29.11.06 entered in the Cash Book but not deposited to bank till December 2006 Rs. 11,322 and Rs. 1,730. (v) Cheque received amounting to Rs. 35 entered in the Cash Book twice. (vi) B/R due on 29.11.06 was sent to the bank for collection on 28.11.06; it was entered in the Cash Book forthwith but the proceeds were not credited by bank till 3rd December, 2006 Rs. 2,980. (vii) A periodic payment by Bank for Rs. 80 understanding instructions not entered in the Cash Book. (viii) Cheque deposited on 30.11.06 dishonoured but not entered in the Cash Book Rs. 1,890. Illustration 12: The Cash Book of Gupta showed an overdraft of Rs. 30,000 on 31.12.2006. The scrutiny of the entries in the Cash Book and the Pass book revealed that: (i) On 22nd December, cheques totaling Rs. 6,000 were sent to bankers for collection, out of which a cheque for Rs. 1,000 was wrongly recorded on the credit side of the Cash Book and cheques amounting to Rs. 300 could not be collected by the bank within the year. (ii) A cheque for Rs. 4,000 was issued to a supplier on 28th December, 2006. The cheque was presented to the bank on 4th January, 2007. (iii) There were debits in the Pass Book for interest Rs. 2,000 on overdraft and bank charges Rs. 600 not recorded in the Cash Book. (iv) A credit side of the Bank Column of the Cash Book was under-cast by Rs. 100. (v) A cheque for Rs. 1,000 was issued to a creditor on 27th December but unfortunately, the same was not recorded in the Cash Book. The cheque was, however, duly en-cashed within 31st December. (vi) As per standing instructions, the banker collected dividend of Rs. 500 on behalf of Gupta and credited the same to his account within 31st December, 2006. The fact was, however, intimated to Gupta on 3rd January, 2007. You are required to prepare a Bank Reconciliation Statement as on 31st December, 2006