

Bank Reconciliation Statement

- 1) Bank Reconciliation Statement is a statement to find out the reasons for the difference between Cash Book and Pass Book balance.
- 2) It's a memorandum statement and can be prepare at any time when needed.
- 3) It is not the part of Cash Book, Pass Book or Final Account.
- 4) It is prepare by the account holder i.e. any type of business enterprise.
- 5) The account holder maintains Cash Book while the banks maintains Pass Book / Bank Statement.
- 6) Pass Book is copy of customer's account maintained by the bank.
- 7) Bank Reconciliation Statement reconciles the Pass Book balance with the bank column of Cash Book.
- 8) Type of balances from account holders point of view :-

Particulars	Positive	Negative
Cash Book	Debit Balance	Credit Balance
Pass Book	Credit Balance	Debit Balance

- 9) Cheque deposited / banked indicates inflow of cash.
- 10) Cheque issue indicates outflow of cash.
- 11) Negative balance means overdraft balance.
- 12) When we compare Cash Book and Pass Book of the same month then Bank Reconciliation statement include uncommon items.
- 13) When we compare Cash Book and Pass Book of the different months then the common items comes in Bank Reconciliation Statement.
- 14) In case of adjusted Cash Book method :-
 - a) Items adjusted in Cash Book – Non cheque items and mistakes in Cash Book.
 - b) Items adjusted in Bank Reconciliation Statement – Cheque related items.
- 15) Mistakes in Pass Book are not adjusted in adjusted Cash Book method.
- 16) Balance Sheet always records the balance as per Cash Book.
- 17) Account debited by bank = Expenses / Payments.
- 18) Bank Account credited by bank = Income / Receipts.
- 19) The account holder instruct the bank about some direct Payment / Receipts called as Standing Instructions.