

CHAPTER 5

Bank Reconciliation Statement

CBSE · Accountancy CI-11 · Class 11

WHAT THIS CHAPTER DOES

Boards prep that builds confidence, not anxiety.

TODAY'S MISSION

Today's Mission

WHY THIS MATTERS

The Big Picture — Two Books, One Bank

TOPIC

A

Part A — Why Balances Differ

TOPIC

The 7 Causes of Difference

POINT 1

POINT 2

POINT 3

POINT 4

TOPIC

Causes — Memorise These 7 in 60 Seconds

TOPIC

Direction Table — Cash Book Dr. → Pass Book

TOPIC

B

Part B — Solved Problems

WORKED EXAMPLE

Example 1 — Favourable Balance

Receipts & Payments Account
for the year ended 31 March 2025

RECEIPTS
(Dr.)

PAYMENTS
(Cr.)

TRY IT · SOLVE BEFORE YOU PEEK

Quick Test — 60 Seconds

If cash book shows Dr. balance ₹30,000 and bank has charged ₹500 not yet recorded, what is the pass book balance?

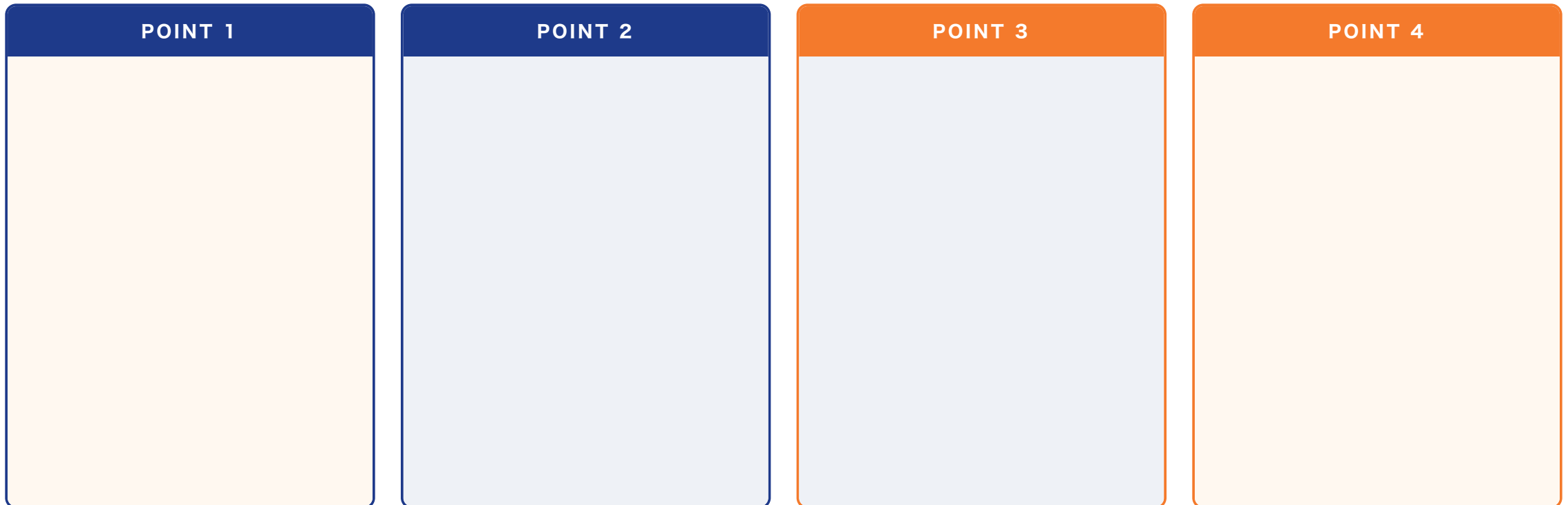
SOLUTION

WORKED EXAMPLE

Example 2 — Overdraft (Signs REVERSE)

TOPIC

Sign Reversal — Cash Book Cr. (Overdraft) Starting Point



PYQ PATTERNS

PYQ Patterns — Last 5 Years

MARKS DISTRIBUTION

Sub-topic Marks Weight

TOPPER TEMPLATE · MARK-BY-MARK

Topper's 6-mark BRS Template

1

2

3

4

5

TOPIC

C

Part C — Importance & Wrap

TOPIC

Why BRS Matters — Importance Points

TOPIC

Trap

TRAP → TRUTH

- × **MISTAKE** Cash book balance and pass book balance should always be equal on a given date.
- ✓ **CORRECT** Both records the same bank transactions but timing differences (cheques in transit, uncollected deposits), bank-only entries (charges, interest, direct deposits) and errors mean the two balances rarely match on the same date.

TOPIC

Trap

TRAP → TRUTH

× **MISTAKE** If we start from overdraft balance, the same plus/minus rules apply as for a favourable balance.

✓ **CORRECT** Overdraft means credit balance in cash book (or debit in pass book). The plus/minus signs REVERSE for almost every item. Cheques issued but not presented are SUBTRACTED (not added) when starting from overdraft as per cash book.

TOPIC

Trap

TRAP → TRUTH

- × **MISTAKE** Bank charges and interest debited by bank should be added to cash book balance.
- ✓ **CORRECT** Bank charges REDUCE the bank's balance owed to you — pass book shows a lower balance than cash book. So when starting from cash book balance, charges/interest debited by bank are SUBTRACTED to reach pass book balance.

TOPIC

Trap

TRAP → TRUTH

× **MISTAKE** Direct deposit by a customer into the firm's bank account should be subtracted from cash book balance.

✓ **CORRECT** Direct deposit INCREASES bank balance per pass book but cash book does not yet know about it. So ADD to cash book balance to reach pass book balance.

TOPIC

Trap

TRAP → TRUTH

× **MISTAKE** A dishonoured cheque should be ADDED while preparing BRS.

✓ **CORRECT** A cheque deposited but later dishonoured is REMOVED from pass book by the bank (debited). Cash book had already added it on receipt. So pass book balance is LOWER — subtract dishonoured amount from cash book balance to reconcile.

TOPPER TEMPLATE · MARK-BY-MARK

Topper template 1

- 1** **STEP 1**
2 m

Write the heading: 'Bank Reconciliation Statement as on [date]' centred. Mention 'Starting from Balance as per Cash Book (Dr.)' as the opening line.
- 2** **STEP 2**
1 m

Draw a four-column table — Particulars | Plus (₹) | Minus (₹). Enter opening balance in Plus column.
- 3** **STEP 3**
1 m

Add (Plus): cheques issued but not yet presented; interest/dividend collected by bank; direct deposits by customers.
- 4** **STEP 4**
1 m

Subtract (Minus): cheques deposited but not collected; bank charges/interest debited; standing instructions paid by bank; dishonoured cheques.
- 5** **STEP 5**
1 m

Total Plus minus Total Minus = Balance as per Pass Book. Underline final figure twice. State 'Therefore Balance as per Pass Book = ₹X (Cr.)'.

TOPPER TEMPLATE · MARK-BY-MARK

Topper template 2

- 1** **STEP 1**
2 m

Start with 'Balance as per Cash Book (Cr.) / Overdraft = ₹X' in MINUS column (overdraft is a negative balance).
- 2** **STEP 2**
2 m

Cheques issued but NOT presented → SUBTRACT (Minus column) — because bank has not yet reduced overdraft.
- 3** **STEP 3**
2 m

Cheques deposited but NOT collected → ADD (Plus column) — bank has not yet reduced overdraft.
- 4** **STEP 4**
1 m

Bank charges / interest on overdraft debited by bank → ADD (Plus) — they INCREASE overdraft as per pass book.
- 5** **STEP 5**
1 m

Net the columns. If Minus > Plus → balance is overdraft per pass book. State result with Dr./Cr. indicator.

PYQ PATTERNS

Top PYQ patterns to drill

#1	Prepare BRS from favourable cash book balance with 6-8 items (6 marks)	70%
#2	Prepare BRS from overdraft balance (8 marks)	55%
#3	State and explain four causes of difference (4 marks)	45%
#4	Importance of preparing BRS (3 marks)	30%
#5	Adjusted cash book then BRS (combined) (8 marks)	20%

RECAP · MEMORISE THESE

Chapter Summary

1 Cash book and pass book record the same transactions but at different times.

2 7 causes of difference: 2 timing, 4 bank-only entries, 1 reversal.

3 From cash book Dr.: ADD items bank credited, SUBTRACT items bank debited.

4 From overdraft (cash book Cr.): REVERSE every sign.

5 BRS does NOT alter either book — it explains the gap only.

6 Score band: 6-10 marks every single board exam.

WHAT'S NEXT

Coming Next — Chapter 6



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