

Important Questions for Chapter 5 Bank Reconciliation statement

Question 1

Define the bank reconciliation statement

Answer : Bank reconciliation statement is a statement that helps the business in matching the bank transactions recorded in company books with that present in the bank statement. It is useful in checking correctness of recorded data in books of company and therefore ensures accuracy of bank records.

Question 2

What do you mean by a debit balance in Passbook?

Answer : The debit balance in passbook means overdraft.

Question 3

State two reasons for the difference between the company's cash book and bank balance

Answer : The two reasons for the difference between the company's cash book and bank balance

- Bank issued cheque but not yet presented for payment
- Cheque deposited but not cleared

Question 4

Why is the bank reconciliation statement important?

Answer : The bank reconciliation statement is important to determine the cause for the difference made on the part of the bank or customers side.

Question 5

Which balance is caused an overdraft of cash book and passbook?

Answer : Cash book Cr. and Passbook Dr. balances.

Question 6

Mention two items drafted in a plus column while starting with a debit balance of cash book.

Answer : The two items drafted in a plus column while starting with a debit balance of cash book are.

- Bank issued cheque but not yet presented for payment
- Interest allowed by the bank but not recorded in the cash book

Question 7

Mention two items drafted in a minus column while starting with a debit balance of cash book.

Answer : The two items drafted in a minus column while starting with a debit balance of cash book are.

- Cheque deposited but not cleared
- Bank made direct payment from the customer's side

Question 8

Mention two items drafted in a minus column while starting with an overdraft balance of cash book.

Answer : The two items drafted in a minus column while starting with an overdraft balance of cash book are.

- Cheque deposited but not cleared
- Bank made direct payment from the customer's side

Question 9

Mention two items drafted in a plus column while starting with an overdraft balance of cash book.

Answer : The two items drafted in a plus column while starting with an overdraft balance of cash book are.

- Bank-issued cheque but not yet presented for payment
- Interest allowed by the bank but not recorded in the cash book

Question 10

A bank reconciliation statement is prepared to.

- (a) Reconcile Bank balance as per cash book and bank balance as per pass book
- (b) Reconcile Cash balance as per cash book and bank balance as per pass book
- (c) Both (a) & (b)
- (d) None of the above

Answer : a

Question 11

A Pass Book is a copy of

- (a) A customer's account in the bank's book
- (b) Cash book relating to bank column
- (c) Cash book relating to cash column
- (d) Firm's receipts and payments

Answer : a

Question 12

A bank reconciliation statement is prepared with the balance of

- (a) Cash Book
- (b) Pass Book
- (c) Either Cash Book or Pass Book
- (d) Neither Cash Book nor Pass Book

Answer : c

Question 13

A bank reconciliation statement is prepared by

- (a) Bank
- (b) Customers of the Bank
- (c) Creditors
- (d) Auditors

Answer : b

Question 14

Which of the statement is not a part of the Double Entry System

- (a) Cash Book
- (b) Trial Balance

(c) Journal

(d) Bank Reconciliation Statement

Answer : d

Question 15

A debit balance in passbook is defined as an overdraft. Is it true or false?

Answer : True