Chapter - 5 Bank Reconciliation Statement

Question 1

Define the bank reconciliation statement

Answer: Bank Reconciliation Statement is a record book of the transactions of a bank account. It reconciles the difference between the company's cash book and bank balance.

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 deposited for payment
- Paid cheque in the bank but yet not cleared

Question 4

Why the bank reconciliation statement is 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 deposited 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.

- Paid cheque in the bank but yet not cleared
- Bank made direct payment from the customer’s side

Question 8

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

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

- Paid cheque in the bank but yet 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 deposited for payment
- Interest allowed by the bank but not recorded in the cash book

Question 10

A bank reconciliation statement is

1. A part of Cash Book

2. A part of Pass Book

3. A statement prepared by the bank

4. A statement prepared by the customer

Answer: A statement prepared by the customer

Question 11

A PassBook is a copy of

1. A customer’s account in the bank’s book
2. Cash book relating to bank column
3. Cash book relating to cash column
4. Firm’s receipts and payments

Answer: A customer’s account in the bank’s book

Question 12

A bank reconciliation statement is prepared with the balance of

1. Cash book
2. Passbook
3. Either Cashbook or Pass Book
4. Neither Cashbook or Pass Book

Answer: Either Cashbook or Pass Book

Question 13

A bank reconciliation statement is prepared by

1. Bank
2. Customers of the Bank
3. Creditors
4. Auditors

Answer: Customers of the Bank

Question 14

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

1. Cash Book
2. Trial Balance
3. Journal
4. Bank Reconciliation Statement

Answer: Bank Reconciliation Statement

Question 15

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

Answer: True