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Test Series

Self-Made Assignment - Manual Accounting

Overview of Bank Reconciliation Statement

Multiple Choice Questions:

1. The primary purpose of a Bank Reconciliation Statement is to:

- a) Reconcile the balances of the cash book and the pass book
- b) Reconcile the balances of the company's bank account and the bank statement
- c) Adjust the accounting errors in the financial statements
- d) Correct the bank's accounting errors

2. Which of the following is usually a reason for the difference between the cash book balance and the pass book balance?

- a) Bank overdraft
- b) Deposits in transit
- c) Bank service charges
- d) Both b and c

3. Which of the following items will appear in the bank reconciliation statement as an adjustment to the cash book?

- a) Bank charges
- b) Unpresented cheques
- c) Deposits in transit
- d) Bank errors in the pass book

4. In a bank reconciliation statement, an outstanding cheque is:

- a) Added to the balance of the cash book
- b) Deducted from the balance of the cash book
- c) Added to the balance of the bank statement
- d) Deducted from the balance of the bank statement

5. A deposit in transit refers to:

- a) Money deposited at the bank but not yet recorded in the company's books
- b) Money that has been deposited into the bank but not yet credited to the company's account
- c) Money transferred between two banks
- d) A cheque that has been deposited but not cleared yet

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6. Which of the following would be a reason for an error in the bank's pass book?

- a) An unrecorded deposit
- b) A bank's recording mistake
- c) A post-dated cheque
- d) A bank service charge

7. If a cheque issued by the company is not yet presented to the bank for payment, it is called:

- a) A bank error
- b) An outstanding cheque
- c) A dishonoured cheque
- d) A post-dated cheque

8. The bank reconciliation statement is prepared to:

- a) Ensure the accuracy of the financial statements
- b) Adjust any discrepancies between the cash book and the bank statement
- c) Account for unrecorded transactions
- d) All of the above

9. Which of the following is an example of an item that would be added to the balance in the company's cash book during bank reconciliation?

- a) Outstanding cheques
- b) Bank charges
- c) Direct deposits by customers
- d) Errors in the bank statement

10. Which of the following would cause a difference between the cash book and the pass book?

- a) A cheque issued by the company but not yet presented to the bank
- b) A bank loan received but not yet recorded in the company's books
- c) A direct debit for a utility payment not yet recorded in the cash book
- d) All of the above

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