BANK RECONCILIATION STATEMENT

1. Select the Correct Answer:

A bank reconciliation statement is prepared by:

Creditors **Bank** **Account holder** **Debtors**

A bank reconciliation statement is prepared with the balance:

Passbook **Cash book** **Both passbook & cash book** **None**

Passbook is a copy of:

Copy of customer Account **Bank column of cash book**

Cash column of cash book **Copy of receipts and payments**

Unfavourable bank balance means:

Credit balance in passbook **Credit balance in cash book**

Debit balance in cash book **None of these**

Favourable bank balance means:

Credit balance in the cash book **Credit balance in passbook**

Debit balance in the cash book **Both (b) and (c)**

A bank reconciliation statement is mainly prepared for:

Reconcile the cash balance of the cash book.

Reconcile the difference between the bank balance shown by the cash book and bank passbook

Both (a) and (b)

None of these

2. True or False:

Passbook is the statement of account of the customer maintained by the bank.

A business firm periodically prepares a bank reconciliation statement to reconcile the bank balance as per the cash book with the passbook as these two show different balances for various reasons.

Cheques issued but not presented for payment will reduce the balance as per the passbook.

Cheques deposited but not collected will result in increasing the balance of the cash book when compared to passbook.