

Debtor's cheques which bounce back due to insufficient funds are dishonored cheques.

22. Unpresented cheques are added to the :
- A bank statement balance in the Reconciliation Statement.
 - B overdraft in adjusted cash book.
 - C adjusted cash book balance.
 - D opening balance of cash book.

Bank Reconciliation Statement begins with adjusted cash book balance.

23. On 20 September 2001, Andy's bank statement shows a balance of \$1750, but the cash book shows a balance of \$2500. Andy finds cheques totalling \$750 have not been banked. Which bank balance figure will appear in Andy's Balance Sheet on 30 September, 2001?
- A \$1000
 - B \$1750
 - C \$2500
 - D \$3250

Cash book balance goes in the Balance Sheet.

24. The cash book of a trader is showing a credit balance of \$1700. Unpresented cheques are \$2400 and uncredited cheques are \$650. What is the balance per bank statement?
- A \$50 (Cr)
 - B \$50 (Dr)
 - C \$100 (Cr)
 - D \$100 (Dr)

Overdraft in cash book $\$1700 + \text{Uncredited cheques } \$650 - \text{Unpresented cheques } \$2400 = ?$

25. Dawn receives a bank statement, which does not agree with her cash book balance. Which of the following is not responsible for this difference?
- A Cheques paid in, have not been credited.
 - B The bank has charged overdraft interest.
 - C A cheque sent to supplier has not been presented.
 - D Furniture purchased for cash.

Furniture purchased for cash has no effect on Bank Account.

26. Bank Reconciliation Statement can be defined as one which:
- A is sent by banks to their customers.
 - B is sent by banks to any of their customers, who exceed their agreed credit limit with the bank.
 - C explains the difference between the bank balance shown in a firm's accounting records, and that shown on its bank statement.
 - D None of the above.

Reconciliation is the explanation of difference between cash book and bank statement.

27. The aim of preparing a Bank Reconciliation Statement is:
- A to ascertain the amount of financing, if any, which may be required in the future.
 - B to ascertain whether bank charges have been correctly calculated by the bank.
 - C to ascertain whether the correct amount of interest has been paid to the firm by the bank on all money on deposit.
 - D to reconcile the bank balance in the firm's accounting records at a particular date with that shown on its bank statement at the same date.

Reconciliation does not tell us balances or charges, but shows and explains why the bank statement and cash book does not tally.

28. Which one of the statement is correct about Reconciliation Statement?
- A Part of the double entry accounting records.
 - B Not part of the double entry accounting records.
 - C Prepared by a firm and then sent to its bank.
 - D Posted to the nominal (general) ledger.

It is a corrective statement, not a double entry statement.

29. In the Balance Sheet, the amount shown as bank is:

- A the balance at that date, as shown by the firm's bank statement.
- B the balance at the date as per the firm's Bank Nominal (General) Ledger Account.
- C the adjusted bank balance at that date.
- D None of the above.

Brain  Storm

Adjusted cash book balance goes in the Balance Sheet.

30. Cheques issued six months ago:

- A should be included in the Bank Reconciliation Statement.
- B should be shown in the Balance Sheet under the heading accrual's.
- C should be cancelled.
- D are stale cheques.

Brain  Storm

Cheques are only valid for 6 months, after that they become stale cheques.

31. Which one of the following does not create a difference, between the bank balance of the firm and the balance shown by the bank statement?

- A Errors made by the firm's bank.
- B Cheques written by the firm which have not yet appeared on its bank statement.
- C Lodgements made by the firm which have not yet appear on its bank statement.
- D None of the above.

Brain  Storm

All the above create a difference in the bank balance and bank statement.

32. \$12000 worth of cheques sent by a firm to its creditors, have not been presented to the bank by the end of the period, then:

- A the firm is owed \$12000 by its bank.
- B the bank balance shown in the firm's nominal (general) ledger is overstated by \$12000.
- C the balance shown on the firm's bank statement is \$12000, greater than the amount the firm has available to it, from that Bank Account.
- D the firm owes its creditors \$12000 more than the amount, which will be shown for creditors in its Balance Sheet.

Brain  Storm

If the supplier has not presented the cheque to the firms bank, then the account will be overcasted by \$12000.

33. On 31 December 2001, the balance b/d on the firms Bank Account in the cash book was \$3600 credit. Outstanding cheques amounted to \$1400, and bank lodgements amounted to \$2000. A cheque of \$500 received from a debtor was dishonored, no entry was made. What would be the corrected balance on the firms bank statement at 31 December 2001?

- A \$3500 credit
- B \$3700 credit
- C \$1200 overdrawn
- D \$4700 overdrawn

Brain  Storm

Adjusted cash book $\$3600 + (\text{Dishonored cheque})\$500 = \$4100 \text{ Cr}$

Cash book $\$4100 \text{ Cr} + \text{bank lodgements } \$2000 - \text{unpresented cheques } \$1400 = 4700 \text{ Dr as per bank statement (overdraft)}$

34. At 31 December, bank statement balance was \$1000 overdrawn. At the same date, outstanding cheques amounted to \$3000, outstanding lodgements amounted to \$5000, and there was a dishonored cheque from a customer of \$500 entered on the firm's bank statement, but not yet entered in the bank account in the firm's ledger. The balance brought down on the bank account in the firm's ledger was:

- A \$500 Dr
- B \$500 Cr
- C \$1000 Cr
- D \$1500 Dr

Brain  Storm

Bank statement $\$1000 \text{ (overdraft)} - \text{Bank lodgement } \$5000 + \text{Unpresented cheque } \$3000 + \text{Dishonoured cheque } \$500 = ?$

35. Bank Reconciliation Statement is prepared to:
- record receipts and payments.
 - equalize the cash book balance and bank statement balance.
 - record banking transactions.
 - None of the above

Brain  Storm

Receipts and payments are recorded in the cash book and banking transactions are not recorded in Bank Reconciliation Statement.

38. X Ltd. receives a cheque for \$100, records it in the cash book and banks it on the same day. A statement sent by the bank that day does not show this \$100. How is this \$100 shown on the Bank Reconciliation Statement?

- As an uncredited deposit added to the bank statement balance.
- As an uncredited deposit deducted from the bank statement balance.
- As an uncredited cheque added to the bank statement balance.
- As an uncredited cheque deducted from the bank statement balance.

Brain  Storm

This \$100 is uncredited cheque and it is added in the Reconciliation Statement to the bank balance.

36. A statement which is prepared after matching cash book and bank statement is:
- Bank statement
 - Cash book
 - Bank Reconciliation Statement
 - None of the above

Brain  Storm

Bank statement is prepared by the bank, cash book is prepared for transactions of the firm.

39. After the cash book is updated, a Bank Reconciliation Statement is prepared. Which is shown in the Bank Reconciliation Statement?

- Bank charges debited in the bank statement.
- Cheques debited in the bank statement in error.
- Dividends received credited directly to the bank.
- Standing orders paid directly by the bank.

Brain  Storm

All the others are adjustments of the cash book, not Reconciliation Statement items.

37. A cash book (bank columns) showed a balance of \$1973 (credit) at 31 March. The following items did not appear in the bank statement at that date:

Unpresented cheques \$942
Cheques banked \$865

What was the balance on the bank statements at 31 March?

- \$1896 (credit)
- \$1896 (debit)
- \$2050 (credit)
- \$2050 (debit)

Brain  Storm

Credit cash book balance \$1973 – unpresented cheques \$942 + cheques banked \$865 = \$1896 debit balance as per bank statement (overdraft).

40. On 31 July, X's bank statement shows a balance at bank of \$2500, but the cash book shows a balance at bank of \$1750. X finds cheques totalling \$750 have not been presented for payment. Which bank balance figure will appear in X's Balance Sheet on 31 July?

- | | |
|----------|----------|
| A \$1000 | B \$1750 |
| C \$2500 | D \$3250 |

Brain  Storm

The balance of the cash book goes in the Balance Sheet.

41. A cash book showed a debit bank balance of \$1234 on 30 June. Items not included in the bank statement at that date were:

Unpresented cheques \$132

Uncredited deposits \$765

What was the balance in the bank statement at 30 June?

- A \$601 debit
 B \$601 credit
 C \$1867 debit
 D \$1867 credit

Brain  Storm

Cash book balance \$1234 Dr + unpresented cheques \$132
 - bank lodgement \$765 = ?

42. A Bank Reconciliation Statement starts with the cash book balance. How are uncredited deposits and unpresented cheques shown in the Bank Reconciliation Statement?

	Uncredited deposits	Unpresented cheques
A	Added	Added
B	Added	Deducted
C	Deducted	Added
D	Deducted	Deducted

Brain  Storm

When starting with the cash book balance, uncredited cheques are deducted and unpresented cheques are added to arrive at the balance as per bank statement.

Answers

- | | | |
|-------|-------|-------|
| 1. A | 2. A | 3. A |
| 4. B | 5. D | 6. B |
| 7. D | 8. B | 9. C |
| 10. B | 11. A | 12. C |
| 13. B | 14. C | 15. D |
| 16. D | 17. B | 18. A |
| 19. A | 20. A | 21. D |
| 22. C | 23. C | 24. A |
| 25. D | 26. C | 27. D |
| 28. B | 29. C | 30. D |
| 31. D | 32. C | 33. D |
| 34. A | 35. B | 36. C |
| 37. B | 38. A | 39. B |
| 40. B | 41. B | 42. C |