

## **BANK ACCOUNT AND BANK RECONCILIATION STATEMENT PART 1**

- Answer all the questions

Select the correct or the most suitable answer from the given answers (1), (2), (3), (4),  
When answering the questions from 01 to 10.

01. The bank consider the account of the business's bank account balance as,

- (1) An asset account.
- (2) An expense account.
- (3) An income account.
- (4) A liability account.

02. The double entry for depositing a cheque of RS 20 000 in bank account at the same time it received from the sales.

- (1) Cash a/c           Dr   Rs 20 000  
      Sales a/c       Cr   RS 20 000
- (2) bank a/c         Dr   RS 20 000  
      Cash a/c       Cr   RS 20 000
- (3) bank a/c         Dr   RS 20 000  
      Sales a/c       Cr   RS 20 000
- (4) bank a/c         Dr   RS 20 000  
      Debtors a/c Cr   RS 20 000

03. The credit balance of the bank account is for the business.

- (1) an asset      (2) an equity      (3) a liability      (4) an expense

04. If the business issued a cheque of RS 23 000 during a situation where the balance of the bank account is RS 15 000. The bank settled this transaction. What is correct statement about the balance of the bank account after this transaction?

- (1) A favourable balance of Rs 38 000.
- (2) A bank overdraft of Rs 38 000.
- (3) A favourable balance of Rs 8 000.
- (4) A bank overdraft of RS 8 000.

05. The double entry of depositing a cheque Rs. 10 000 in the bank on 2019/05/10 which was received on 2019/05/07 from the debtors.

- (1) Bank a/c            dr            RS 10 000  
                           Cash a/c            cr            RS 10 000
- (2) Bank a/c            dr            RS 10 000  
                           Debtors a/c       cr            RS 10 000
- (3) Debtors a/c       dr            RS 10 000  
                           Bank a/c            cr            RS 10 000
- (4) Bank a/c            dr            RS 10 000  
                           Debtors a/c       cr            RS 10 000

- Consider the given information when answering the questions 06 & 07.

The balance of the bank a/c of saduni's business on 31<sup>st</sup> of may 2019 was RS 17 000.

The balance of the bank statement was different from the above balance due to following reasons.

- (A)            Deposited but not cleared cheques RS 7 000.
- (B)            Dividends received directly to the bank RS 5 000.
- (C)            Insurance premiums paid by the bank loan on standing orders RS 4 500.

6. Out of the above what is the reason/s that affect for the exceed of the bank statement?

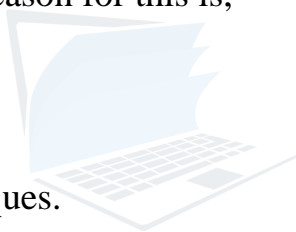
- (1) Only A
- (2) A and C
- (3) Only B
- (4) B and C

7. The adjusted bank balance as at 31<sup>st</sup> of May 2019,

- (1) RS 17 600
- (2) RS 24 600
- (3) RS 12 000
- (4) RS 17 000

8. The closing balance of the bank account of Russia's business was less than the closing balance of the bank statement. The reason for this is,

- (1) Direct remittances.
- (2) Bank fees.
- (3) Payments on standing orders.
- (4) Deposited but not cleared cheques.



Consider the following information when answering the questions 09 and 10.

- (A) -direct debt consolidation Rs 20 000.
- (B) Bank fees RS 1000.
- (C) Cheques issued but not presented Rs 5 000.
- (D) Deposited cheques but not realized Rs 7 000.

09. What is the balance of the bank a/c if only bank fee is recorded?

- (1) Rs 31 000.
- (2) Rs 49 000.
- (3) Rs 51 000.
- (4) Rs 29 000.

10. To obtain the adjusted bank balance, the adjustments should be done for,

- (1) A and B only.
- (2) C and D only.
- (3) B and D only.
- (4) B and C only.

## Part 2

01. State 02 reasons for the dishonoring of cheques.
02. Define “bank overdraft”.
03. Following are the balances of Subash's business as at 2019.07.09

	Rs
Cash	200 000
Debtors	20 000
Creditors	50 000
Capital	25 000

Following transactions were occurred during the month of July 2019.

- 2019.07.02 - opening a bank account by depositing Rs 25 000.
- 2019.07.05 - purchase of goods by issuing a cheque of Rs 10 000 (cheque no.001)
- 2019.07.06 - deposit of a cheque received from debtors Rs 12 000 (cheque no.102).
- 2019.07.10 - a cheque received from cash sales Rs 25 000 was deposited in bank at the same time it received. (cheque no .78).
- 2019.07.16 - payment of taxes by issuing a cheque of Rs 17 000.
- 2019.07.20 - deposit of cash in the bank a/c Rs 20 000.
- 2019.07.24 - dishonoring of the cheque issued for the payment of taxes.
- 2019.07.25 - payment of taxes Rs 17 000.

Required:

- (1) The bank a/c for the month ending 31<sup>st</sup> of July 2019.
- (2) Preparation of other ledger accounts and balance them.

04. Sithum is engaged in selling readymade garments business. He is maintaining a current a/c in order to make the business transactions easier. He has the facility of obtaining a bank

overdraft up to Rs 200 000 at any time. The balance of his bank a/c as at 2019.10.01 was Rs 35 000. Following are the transactions occurred in his current a/c during the month of November.

### **DEPOSITS**

2019.11.05 - cash Rs 15 000.

2019.11.10 - cheque received from a debtor Rs 14 000.

2019.11.13 - cheque received from sales Rs 13 000.

### **Issuance of cheques**

2019.11.03 - purchases Rs 15 000.

2019.11.07 -wages Rs 45 000.

2019.11.18 –Nimal (creditor)Rs 20 000.

2019.11.25 -purchase of equipment's Rs 25 000.

Required:

- (I) Record the above transactions and balance the bank a/c.
- (II) Comment about the final balance of the bank account.

05. The following transactions were revealed when comparing the bank, a/c and the bank statement sent by the bank at Dilan's business for month of august 2019.

- Bank fee charged by the bank Rs 2000.
- Cheques issued but not presented for the payment Rs 6 000.
- Cleared cheques deposited Rs 5 000.
- Direct debt consolidations Rs 3 000.
- Deposited but not cleared cheques Rs 4 000.
- Bank loan installment paid on standing orders Rs 8 000.

Additional information:

- There is a debit balance of Rs 25 000 in the bank account of Dilan's business.

Required:

- Prepare the adjusted bank account.
- Using the adjusted bank a/c balance prepare the bank reconciliation statement.