

Bank Reconciliation Essentials

Accounting · Practice Test · 20 Questions

1. Why is bank reconciliation necessary?

- A) To detect errors and omissions in cash journals and bank statements.
- B) To keep track of outstanding deposits and cheques.
- C) To detect fraud.
- D) All of the above.

2. What is a primary function of a bank reconciliation?

- A) To increase sales.
- B) To act as an internal control tool.
- C) To calculate profit.
- D) To manage employee salaries.

3. Errors in the cash journals can be detected by bank reconciliation. True or False?

- A) True
- B) False

4. What can a bank reconciliation help to keep track of?

- A) Outstanding deposits and outstanding cheques.
- B) Inventory levels.
- C) Customer complaints.
- D) Marketing campaigns.

5. Bank reconciliation helps to detect what serious issue?

- A) Theft
- B) Fraud
- C) Bankruptcy
- D) Market crash

6. CRI errors are usually a transposition of numbers. What does CRI stand for?

- A) Cash Receipt Journal
- B) Credit Record Information
- C) Customer Receivable Invoice
- D) Central Reporting Initiative

7. If the recorded amount is less than the correct amount in the CRJ, where must the difference be recorded?

- A) CRJ
- B) CPJ
- C) Bank Statement
- D) General Ledger

8. If the recorded amount is more than the correct amount in the CRJ, where must the difference be recorded?

- A) CRJ
- B) CPJ
- C) Bank Statement
- D) General Ledger

9. CPJ errors are usually a transposition of numbers. What does CPJ stand for?

- A) Cash Payment Journal
- B) Customer Payment Journal
- C) Company Purchase Journal
- D) Central Payment Gateway

10. If an error on the bank statement shows the recorded amount is less than the correct amount, what action is taken?

- A) The difference must be added to the CPJ.
- B) The difference must be recorded in the CRJ.
- C) The difference must be ignored.
- D) The difference must be reported to the police.

11. If an error on the bank statement shows the recorded amount is more than the correct amount, where is the difference recorded?

- A) CRJ
- B) CPJ
- C) Bank Statement
- D) General Ledger

12. Errors made by the bank are recorded in the cash journals. True or False?

- A) True
- B) False

13. Where are errors made by the bank corrected?

- A) In the BR (Bank Reconciliation).
- B) In the CRJ.
- C) In the CPJ.
- D) They are not corrected.

14. What is an example of an error that can occur and needs correction in a bank reconciliation?

- A) Recording of interest and bank charges.
- B) Overtime pay for staff.
- C) Sales promotions.
- D) Product development costs.

15. What type of error is 'Account debited/credited wrongly'?

- A) An error that needs correction in the bank reconciliation.
- B) An error only in the cash journal.
- C) An error only on the bank statement.
- D) A deliberate overcharge.

16. An expense account is typically debited. True or False?

- A) True
- B) False

17. An income account is typically credited. True or False?

- A) True
- B) False

18. What does it mean if a payment is recorded twice?

- A) It is an error that needs correction.
- B) It is a valid business practice.
- C) It indicates a higher profit.
- D) It is a sign of good bookkeeping.

19. What is the purpose of identifying 'omission' in the context of bank reconciliation?

- A) To find missing transactions.
- B) To add extra charges.
- C) To reduce the number of records.
- D) To increase bank fees.

20. Bank reconciliation is a tool for what?

- A) Increasing expenses.
- B) Detecting errors.
- C) Reducing income.
- D) Ignoring bank charges.