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CBT (OCTOBER-2023)  
CLASS-XI

Q. NO.	QUESTIONS& ANSWERS WITH EXPLANATION	MARKS
Q.1	<p><b>Assertion (A)</b> A bank reconciliation statement is a statement prepared to reconcile the bank balance as per cash book with the balance as per pass book or bank statement.</p> <p><b>Reason (R)</b> the amount of balance shown in the pass book or the bank statement must tally with the balance as shown in the cash book.</p> <p><b>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</b></p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true, but Reason (R) is false</p> <p>(d) Assertion (A) is false, but Reason (R) is true</p>	1
ANS.1	<p><b>(a)Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</b></p> <p><b>Explanation-</b> A bank reconciliation statement is a statement prepared to reconcile the bank balance as per cash book with the balance as per pass book or bank statement. Bank Reconciliation Statement is prepared for the amount of balance shown in the pass book or the bank statement must tally with the balance as shown in the cash book.</p>	1
Q.2	<p><b>Assertion (A)</b> It is generally experienced that when a comparison is made between the bank balances as shown in the firm's cash book, the two balances do not tally.</p> <p><b>Reason (R)</b> the differences between the cash book and the bank pass book are caused by either timing differences in recording of the transactions or errors made by the business or by the bank.</p> <p><b>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</b></p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true, but Reason (R) is false</p> <p>(d) Assertion (A) is false, but Reason (R) is true</p>	1
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	<p><b>Explanation-</b> the differences between the cash book and the bank pass book are caused by either timing differences in recording of the transactions or errors made by the business or by the bank. It is generally experienced that when a comparison is made between the bank balances as shown in the firm's cash book, the two balances do not tally.</p>	
Q.3	<p><b>Assertion (A)</b> when the cheques are not presented for payment, favourable balance as per the cash book is less than that of the pass book.</p> <p><b>Reason (R)</b> if an entry of payment has been recorded in the pass book but not in the cash book, then the balance of pass book will be less than of cash book.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p><b>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</b></p> <p>(c) Assertion (A) is true, but Reason (R) is false</p> <p>(d) Assertion (A) is false, but Reason (R) is true</p>	1
ANS.3	<p><b>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</b></p> <p><b>Explanation-</b> when the cheques are not presented for payment, favourable balance as per the cash book is less than that of the pass book. if an entry of payment has been recorded in the pass book but not in the cash book, then the balance of pass book will be less than of cash book.</p>	1
Q.4	<p>What is the main purpose of preparing a bank reconciliation statement?</p> <p>(a) To know the bank balance</p> <p>(b) To know the balance of bank statement</p> <p>(c) To correct the cash book</p> <p><b>(d) To identify causes of difference between cash book and bank statement</b></p>	1
ANS.4	<p><b>(d) To identify causes of difference between cash book and bank statement/</b></p> <p><b>Explanation-</b></p> <p>Following are the main reasons and purposes for preparing a bank reconciliation statement:</p> <ol style="list-style-type: none"> <li>1. To tally and square up the bank statement/bank record (pass book) with the bank column of cash book and thus the general ledger of the business.</li> <li>2. To streamline the daily accounting process done for regular business purposes and the bank's accounting.</li> </ol>	1

	<p>3. To find out the accuracy of entries made in the cash book and pass book— whether there are any entries which have been omitted, partially or incorrectly recorded.</p> <p>4. To ascertain the correctness of balances as shown by the cash book and pass book.</p> <p>5. To check for errors and unauthorised withdrawals.</p> <p>6. To complete the cash book since there may be entries which are not recorded in the cash book but recorded in the bank statement such as bank charges, interest allowed by bank, deposits directly made into bank, payments directly made by the bank as instructed, etc.</p> <p>7. To ascertain and be confident about balance as per bank statement so that more transactions can be conducted with surety.</p> <p>8. To assist in the financial audit of the business</p>	
Q.5	<p>The cheque which is issued to the creditor but is not presented for payment is called _____.</p> <p>(a) Uncredited cheque</p> <p><b>(b) Outstanding cheque ( issued but not presented for payment)</b></p> <p>(c) Omitted cheque</p> <p>(d) Dishonored cheque</p>	1
ANS.5	<p><b>(b) Outstanding cheque ( issued but not presented for payment)</b></p> <p>Explanation -Cheque issued but not presented for payment in the bank is an outstanding cheque, The cheque which is issued to the creditor but is not presented for payment is called outstanding cheque.</p>	1
Q.6	<p>If the trial balance does not tally after many efforts, then the _____ account is opened.</p> <p>(a) Purchase account</p> <p><b>(b) Suspense account</b></p> <p>(c) Sales account</p> <p>(d) None of the above</p>	1
ANS.6	<p><b>(b) Suspense account</b></p> <p>Explanation- The main use of suspense account is to facilitate the preparation of financial statements. Later on, errors affecting the trial balance are located; rectification entries are passed through the suspense account. When the totals of debit and credit side of Trial Balance do not agree with each other and the errors made in accounts are not detected, then the amount of difference in totals of both sides is transferred to suspense account.</p>	1
Q.7	<p>Errors committed by omitting entries in the journal book are called _____.</p> <p>(a) Error of commission</p>	1

	(b) Error of principle <b>(c) Error of omission</b> (d) None of the above																															
ANS.7	<b>(c) Error of omission</b>  <b>Explanation-Errors of Omission:</b> Errors which arise due to non-recording of business transactions wholly or partially are called errors of omission. These errors usually occur when a transaction needs to be posted to the books of original entry, i.e., the journal or with regard to omission to post a transaction into the ledger.	1																														
Q.8	How many columns are there in double column cashbook (on one side) _____. (a) Six (b) Four <b>(c) Five</b> (d) Seven	1																														
ANS.8	<b>(c) Five</b>  <b>Explanation</b>  <b>CASH BOOK</b>  DR. <span style="float: right;">CR.</span> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 10%;">DATE</th> <th style="width: 15%;">PARTICULARS</th> <th style="width: 5%;">L.F.</th> <th style="width: 10%;">CASH</th> <th style="width: 10%;">BANK</th> <th style="width: 10%;">DATE</th> <th style="width: 15%;">PARTICULARS</th> <th style="width: 5%;">L.F.</th> <th style="width: 10%;">CASH</th> <th style="width: 10%;">BANK</th> </tr> <tr> <td></td> <td></td> <td></td> <td>H (Rs.)</td> <td>K (Rs.)</td> <td></td> <td></td> <td></td> <td>H (Rs.)</td> <td>K (Rs.)</td> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	DATE	PARTICULARS	L.F.	CASH	BANK	DATE	PARTICULARS	L.F.	CASH	BANK				H (Rs.)	K (Rs.)				H (Rs.)	K (Rs.)											1
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Q.9	A bank reconciliation statement is prepared with the balance of _____. (a) Cash book (b) Pass book <b>(c) Either cash book or pass book</b> (d) Neither cash book nor pass book	1																														
ANS.9	<b>(c) Either cash book or pass book</b>  <b>Explanation-</b> A bank reconciliation statement is prepared with the help of balance of either cash book Dr Or Cr. Balance / either pass book Dr Or Cr. Balance.	1																														
Q.10	Favorable balance means _____. (a) Credit balance in the cash book (b) Credit balance in the bank statement (c) Debit balance in the cash book <b>(d) Both b and c</b>	1																														

ANS.10	<b>(d) Both b and c</b> Explanation- Favorable balance means Credit balance in the bank statement (Pass Book) & Debit balance in the cash book	1
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