20 True or False

Decide, then check the answer and reason below each statement.

Question 1

A bank reconciliation statement compares the cash book balance with the bank passbook balance on a given date.

TRUE

This is the basic definition of a BRS used to explain differences between the two records.

Question 2

A bank reconciliation statement should be prepared only once a year and never checked in between.

FALSE

BRS should be prepared regularly and periodically, since its fraud-prevention benefit depends on frequent reconciliation.

Question 3

Outstanding cheques are cheques issued by the account holder but not yet presented for payment to the bank.

TRUE

Such cheques appear in the cash book as paid but have not yet been debited by the bank.

Question 4

A dishonoured cheque should be treated as a fresh deposit entry rather than a reduction in the BRS.

FALSE

A dishonoured cheque reverses an earlier deposit and must be treated as a reduction, not a new entry.

Question 5

Regular comparison of the cash book with the passbook helps detect fraud and embezzlement.

TRUE

Continuous reconciliation makes unauthorised manipulation of records more likely to be caught.

Question 6

The cash book is maintained by the bank, while the passbook is maintained by the account holder.

FALSE

It is the reverse: the cash book is kept by the account holder and the passbook is the bank's own record.

Question 7

Bank charges and interest credited by the bank are examples of direct bank entries not yet recorded in the cash book.

TRUE

The bank often processes such items before the customer records them, creating a reconciling difference.

Question 8

BRS has no relevance to the JAIIB Accounting and Finance for Bankers (AFB) syllabus.

FALSE

BRS is a core, frequently tested topic in the JAIIB AFB paper.

Question 9

Timing differences can occur when a cheque is deposited but not yet cleared by the bank.

TRUE

Such deposits are recorded in the cash book before the bank actually credits and clears them.

Question 10

Once a BRS reveals a genuine book error, no correcting entry needs to be passed in the accounts.

FALSE

A correcting entry must still be passed once an error revealed by the BRS is confirmed.

Question 11

Building a stronger internal control and audit trail is one of the recognised advantages of preparing a BRS.

TRUE

Regular reconciliation creates a clean, dated record that discourages tampering and supports audits.

Question 12

The JAIIB examination is conducted by the Reserve Bank of India.

FALSE

JAIIB is conducted by the Indian Institute of Banking and Finance (IIBF), not the RBI.

Question 13

Banks reconcile inter-branch accounts and suspense account items as part of their internal control process.

TRUE

Branch-level reconciliation of such accounts is standard practice, with unresolved items flagged for investigation.

Question 14

A bank passbook is an internal record maintained by the business rather than by the bank.

FALSE

The passbook is the bank's own official record of the account, not the business's internal record.

Question 15

Reliable cash-flow information and better decision-making are among the advantages of a bank reconciliation statement.

TRUE

A verified cash position from BRS lets management plan payments and investments with confidence.

Question 16

In a BRS, a dishonoured cheque should simply be ignored since it does not affect either balance.

FALSE

A dishonoured cheque must be adjusted for, since it reverses an amount originally recorded as a deposit.

Question 17

A bank reconciliation statement is a fundamental accounting tool used to verify internal cash records against the bank's official record.

TRUE

This is the core purpose of preparing a BRS in both banking practice and JAIIB AFB theory.

Question 18

Once a business prepares one BRS, it never needs to check its bank statement again.

FALSE

Reconciliation is an ongoing process, since new timing differences and entries arise every period.

Question 19

Unreconciled entries beyond prescribed timeframes are expected to be flagged and investigated by banks.

TRUE

This is part of standard internal control and audit practice for outstanding bank entries.

Question 20

Errors found in the cash book or bank statement during reconciliation should be left uncorrected.

FALSE

Errors identified through a BRS must be investigated and corrected in the relevant books.