



# COMMUNITY ACCOUNTANT NATIONAL NETWORK

## **Bank Reconciliations – for a manual bookkeeping system**

A bank reconciliation is the process that you go through to ensure that the bank statement and the cash book agree. It is important to do this in order that the organisation's records are complete, even if things have been put under the wrong heading!

The bank reconciliation should be done **before** totalling up the cash book at the end of the month so that any additions or adjustments can be made to the cash book before the columns are totalled.

### **To do a bank reconciliation**

1. Draw a line under the **last day of the month** on the bank statement (nb this will not necessarily be the last day on the bank statement). The bank balance just above this line is the one that you are working to.
2. Work through items on the bank statement and match to items in the cash book. If they match **tick** both items.
3. Check thoroughly the validity of unticked items on the bank statement. If it is valid eg a Standing Order or bank interest, enter into the cash book and tick it on both the bank statement and the cash book
4. Any errors in the books must be corrected. Any errors by the bank should be chased up immediately.
5. Draw a line across cash book and total up for the month (see our good practice guide on bookkeeping). Check for errors by 'cross-casting' (ie adding up all the totals and checking it agrees with the total column)
6. All the items on your bank statement should now be ticked; but cheques issued but not presented, and money banked but not cleared will not be ticked in the cash book, so:-
7. Take the bank reconciliation form, fill it in

### **Not reconciled?**

If Well, first off, see what amount the difference is between the two balances. It might point you in the direction of a particular deposit or payment that you've wrongly entered. Is the difference a multiple of 9? If it is then it might well be a transposition (e.g. you wrote £1.76 instead of £1.67). If still stuck, try leaving it alone for a bit and then running through it again. When all else fails, ask someone else to go through it. They might well spot something that had been staring you in the face all along. Above all don't fudge it. The task becomes much simpler if you do it regularly.

Don't forget, when all is correct, file it carefully.

## Bank Reconciliation Form

Name of organisation.....

Bank Reconciliation for the month of.....

|  |                  |               |               | £        |          |
|--|------------------|---------------|---------------|----------|----------|
| <b>Balance as per Bank Statement</b>           |                  |               |               |          | <b>A</b> |
| <b>Less:</b>                                   |                  |               |               |          |          |
| <b>Cheques not yet presented</b>               |                  |               |               |          |          |
| <b>Date</b>                                    | <b>Cheque No</b> | <b>Payee</b>  | <b>Amount</b> |          |          |
|  |                  |               |               |          |          |
| <b>Total of cheques not yet presented</b>      |                  |               |               | (      ) | <b>B</b> |
| <b>Add:</b>                                    |                  |               |               |          |          |
| <b>Receipts not yet credited:</b>              |                  |               |               |          |          |
| <b>Date</b>                                    | <b>Payer</b>     | <b>Amount</b> |               |          |          |
|  |                  |               |               |          |          |
| <b>Total of receipts not yet credited</b>      |                  |               |               |          | <b>C</b> |
| <b>Adjusted Bank Balance (A less B plus C)</b> |                  |               |               |          | <b>D</b> |

|   |  | £        |          |
|---|--|----------|----------|
| <b>Cash Book Balance brought forward (H from last month)</b>                                    |  |          | <b>E</b> |
| <b>Add:</b>   |  |          |          |
| <b>Money received in the month</b>  |  |          | <b>F</b> |
| <b>Less:</b>  |  |          |          |
| <b>Payments during the month</b>  |  | (      ) | <b>G</b> |
| <b>Cash Book balance carried forward (E plus F less G)</b><br>(H should be the same as D above) |  |          | <b>H</b> |

Prepared by..... Date.....

Checked by..... Date.....