

Summary

Bank Reconciliation

The **BANK** account should be a mirror image of the Bank Statement

THE BUSINESS – BANK ACCOUNT	THE BANK – CURRENT ACCOUNT
The business has money (favourable balance) in the Bank. The Bank account will have a debit balance (A+).	The Bank owes the business money (credit balance). Liability in the Bank's records.
The business owes the Bank monies (unfavourable/overdraft). The BANK account will have a credit balance (L+).	The business becomes a debtor to the Bank (debit balance). an Asset in the Bank's records.
Deposits made into the BANK account. Entry in CRJ and a debit entry in the BANK account (A+).	The Bank will credit the current account.
Cheques presented for payment to the Bank. Entries made in the CPJ and a credit entry in the BANK account (L+).	The Bank will debit the current account.

Procedure to reconcile the Bank Statement and the cash journals

Step 1	Bring down the totals of the CRJ and CPJ.
Step 2	Bring down the total of the BANK account in the General Ledger. This amount may be given or will appear in the previous month's Bank Reconciliation Statement. Favourable balance entered on debit side. Unfavourable balance entered on credit side.
Step 3	Bring down the balance from the Bank Statement in the Bank Reconciliation Statement. Favourable/credit balance entered in the credit column. Unfavourable/debit balance entered in the debit column.
Step 4	Compare the credit entries on the Bank Statement with the entries in the CRJ and with credit entries in the previous month's Bank Reconciliation Statement (credit late deposit). Compare the debit entries on the Bank Statement with the entries in the CPJ and the debit entries in the previous month's Bank Reconciliation Statement (debit outstanding cheques). Tick off entries that appear on Bank Statement and CRJ/CPJ/previous month's Bank Reconciliation Statement. Circle the amounts that do not correspond. Ensure that the amounts correspond.
Step 5	Make entries as required. Total and cast the journals and post to the BANK account in the General Ledger. Total and balance the Bank Reconciliation Statement.

Creditors Reconciliation steps

Step 1	Compare Statement received from the creditor to the creditors account in the Creditors Ledger.
Step 2	Note the deviations by ringing or highlighting the amount/details.
Step 3	Prepare the Creditors Reconciliation Statement and balance.
Step 4	Send the Creditors Reconciliation Statement to the creditor if the creditor made a mistake.
Step 5	Write out a cheque to pay the necessary amount.