

CHAPTER 9

BANK RECONCILIATION

LEARNING OBJECTIVE

- I. PURPOSE OF BANK RECONCILIATION**
- II. ADJUSTING THE BANK LEDGER ACCOUNT**
- III. BANK RECONCILIATION STATEMENT**

I. PURPOSE OF BANK RECONCILIATION

The purpose of a bank reconciliation is to ensure that the ledger account balance and the bank statement balance agree (subject to timing difference). There will be two types of reconciling items:

- Items that appear on the bank statement but have not yet been entered into the day books
- Items that have been entered into the day books but have not yet appeared on the bank statement.

II.ADJUSTING THE BANK LEDGER ACCOUNT

Balance per cash book	Xxx/(xxx)
Items on the bank statement but not in the day books:	
Bank charges	(xxx)
Bank interest charged	(xxx)
Bank interest credit	xxx
Standing order	(xxx)
Direct debit payment	(xxx)
Credit transfer	xxx
Errors in the day books:	Xxx/(xxx)
Dishonoured Cheques :	<u>(xxx)</u>
Revised bank per cash book: (amount in BS)	xxx

III. BANK RECONCILIATION STATEMENT

Balance on the bank statement	Xxx/(xxx)
Items not yet on the bank statement:	
Outstanding or unpresented cheques	(xxx)
Outstanding deposits or lodgements	xxx
Errors by the bank	<u>(xxx)/xxx</u>
Revised bank balance	xxx
Note: revised bank balance = Revised bank per cash book	

III. BANK RECONCILIATION STATEMENT

Balance on the bank statement	Xxx/(xxx)
Items not yet on the bank statement:	
Outstanding or unpresented cheques	(xxx)
Outstanding deposits or lodgements	xxx
Errors by the bank	<u>(xxx)/xxx</u>
Revised bank balance	xxx
Note: revised bank balance = Revised bank per cash book	

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