



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**SUBJECT: FINANCIAL MANAGEMENT**

**LEVEL: 3**

**TOPIC 5: COMPLING RECONCILIATION STATEMENTS**

# COMPILING RECEIPTS AND PAYMENTS TO THE BANK STATEMENT.

After completing this topic, you will be able to:

- Compare credits on bank statements with the bank column in the cash receipts journal, and correctly identify differences.
- Compare debits on bank statements with the bank column in the cash receipts journal, and correctly identify differences.
- Record differences in the cash receipts journal and cash payments journal or cash book.
- Balance journals and post journals to the bank account in the general ledger, and balance off accounts or balance off cash books.

# WHY SHOULD YOU DO A RECONCILIATION STATEMENT.

- You should complete a bank reconciliation every time you receive a statement from the bank.
- It allows you to compare your records with the banks records of the transactions in your account.
- By comparing the transactions you can uncover and possible discrepancies.
- A bank reconciliation is therefore a system of control.

# WHY SHOULD YOU DO A RECONCILIATION STATEMENT.

- A bank reconciliation is also done to update the books of the account.
- You will discover that there are some transactions that occur in a bank statement that do not appear on the books of account.
- You will also discover that some transactions appear in your journals but not on the bank statement.
- You therefore need the information from the bank statement and from your journals to update the books of account.

# COMPARING THE BANK STATEMENT WITH THE CASH JOURNALS.

- When you begin a bank reconciliation for a current account for a business, your first step is to note the bank balance on the bank statement.
- The bank balance is the last amount found in the statement. This amount is sometimes **carried forward**.
- Your next step in the bank reconciliation is to note the balance of the cash journal.
- The balance on your cash account can be found by adding up all the amounts of the cash journal.

# COMPARING THE BANK STATEMENT WITH THE CASH JOURNALS.

- To this amount you add the balance of the previous bank reconciliation statement is the balance brought forward from the previous months.
- When you have added this amount you will have the balance of the cash account.
- Go through Examples page 157.