



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



SUBJECT: FINANCIAL MANAGEMENT

LEVEL: 3

TOPIC 4: 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.

DIFFERENCES BETWEEN THE BANK ACCOUNT AND THE CASH JOURNAL.

- When you study the bank account statement and your cash journal you will probably find some differences.
- There may be some entries in the bank account statement that are not found in the cash journal.
- You will probably also find that there are some entries in the cash journals that are not found in the bank account statement.
- Your next step in completing a bank reconciliation is to compare the transaction on the bank statement with the entries in the cash journals.
- You will identify the differences in between the cash journal and the bank statement.

COMPARING THE BANK STATEMENT WITH THE CASH RECEIPTS JOURNAL.

- At the end of each month you should draw a line below each column of the cash receipts journal and add up the entries of each column.
- Compare the transactions on the bank statement with the entries in the cash journal.
- Draw the circle around the amounts that appear on the bank statement but not in the cash receipts journal.
- Draw a rectangular box around the amounts that appear in the cash receipts journal but not in the bank statement.

COMPARING THE BANK STATEMENT WITH THE CASH PAYMENTS JOURNAL.

- At the end of each month you should draw a line below each column of the cash payments journal and add up the entries of each column.
- Compare the transactions on the bank statement with the entries in the cash payments journal.
- Draw the circle around the amounts that appear on the bank statement but not in the cash payments journal.
- Draw a rectangular box around the amounts that appear in the cash payments journal but not in the bank statement.

RECONCILING.

- When you reconcile the bank statement, your task will be to enter the circled amounts on the bank statement into the cash journals, and enter the boxed amounts in the cash journals into the balance of the bank statement.

ACTIVITY

- Activity 19.1