

MODULE 5: CASH MANAGEMENT

Module Overview

Cash management in Microsoft Dynamics® NAV 2013 is used to manage the company's bank accounts.

Additionally, the bank account administration, and the users must become familiar with the **Bank Acc. Reconciliation** window and the bank reconciliation process. Understanding this process will help make sure that transactions are always reconciled and that the user can follow the balances on the bank accounts.

Objectives

The objectives are:

- Review the Bank Account Reconciliation window and the options for populating the bank reconciliation lines.
- Show how to process a bank reconciliation.

Bank Reconciliation

Bank accounts maintained in Microsoft Dynamics NAV 2013 must be reconciled regularly. The bank reconciliation feature is used to check the bank ledger entries and the balance on the accounts against the statement from the bank.

This lesson will explain the **Bank Account Reconciliation** window. Additionally, it will describe how to populate the bank reconciliation lines to prepare for the "Complete a Bank Reconciliation" demonstration.



Note: To successfully perform the demonstration in this lesson, each demonstration and lab in the "Cash, Receivables, and Payables Management" module must be completed.

Using Bank Account Reconciliations

In Microsoft Dynamics NAV 2013, bank transactions are posted by using different journal types, such as the cash receipt journal and the payment journal. A bank transaction is posted as an open bank account ledger entry. This means that the bank account ledger entry is not reconciled.

Bank reconciliations are used to compare the open bank account ledger entries with the bank statement transactions.

When you run the reconciliation batch, for each open bank account ledger entry, a reconciliation line is created. If all the suggested reconciliation lines match the bank statement lines for the corresponding date range, the reconciliation can be posted.

In a typical business situation, the following differences can occur:

- Transactions entered into the bank account in Microsoft Dynamics NAV 2013 are not on the bank statement.
- Transactions on the bank statement are not in Microsoft Dynamics NAV 2013.
- Transactions in the bank account and on the bank statement correspond to one another but are recorded differently.

These differences must be reconciled before the reconciliation process can be completed.

Bank Acc. Reconciliation Window Overview

To access the **Bank Acc. Reconciliation** window, follow these steps.

1. On the navigation pane, click **Departments**, and then click **Financial Management**.
2. Click **Cash Management** and then click **Bank Account Reconciliations**.
3. In the **Home** tab, click **New**.

Bank Acc. Reconciliation

General

Bank Account No.: Balance Last Statement:

Statement No.: Statement Ending Balance:

Statement Date:

Lines

| Transaction Date | Type | Description | Statement Amount | Applied Amount | Difference |
|------------------|-------------|-------------|------------------|----------------|------------|
| | Bank Acc... | | 0.00 | 0.00 | 0.00 |

Balance:

Total Balance:

Total Difference:

OK

FIGURE 5.1: BANK ACCOUNT RECONCILIATION WINDOW

This window contains three areas:

- Ribbon
- **General** FastTab
- **Lines** FastTab

You can use the **General** FastTab on the **Bank Acc. Reconciliation** window to enter information about the bank account and the bank statement. The **General** FastTab includes the following fields:

- **Bank Account No.:** Specifies the bank account code of the account to be reconciled.
- **Statement No.:** Specifies the number of the bank account statement. After you enter a statement number and post the bank reconciliation, Microsoft Dynamics NAV 2013 updates the statement number with the next consecutive number the next time that the bank reconciliation for this bank account is performed.
- **Statement Date:** Specifies the date on the bank account statement.
- **Balance Last Statement:** Specifies the ending balance that is shown on the last bank statement that is used in the last posted bank reconciliation for this bank account.
- **Statement Ending Balance:** Specifies the ending balance that is shown on the bank statement.



Note: *The reconciliation lines cannot be posted unless the amount in this field agrees with the amount in the **Total Balance** field.*

Bank Account Reconciliation Window - Lines

On the **Lines** FastTab, users perform the actual reconciliation by entering and adjusting the posted transactions and the transactions on the bank statement until they agree with one another.

The lines include the following fields:

- **Transaction Date:** Specifies the posting date of the bank account or check ledger entry on the reconciliation line when the **Suggest Lines** function is used.
- **Type:** Shows the type of ledger entry or a difference to be reconciled on this line. The options are as follows:
 - **Bank Account Ledger Entry:** Used to reconcile an entry from a bank account ledger.
 - **Check Ledger Entry:** Used to reconcile an entry from a check ledger.
 - **Difference:** Used to record an amount in the bank reconciliation that is not posted in Microsoft Dynamics NAV to balance the reconciliation.
- **Description:** Shows a description for the transaction on the reconciliation line.

- **Statement Amount:** Shows the transaction amount that appears on the bank's statement that shows on the reconciliation line.
- **Applied Amount:** Shows the transaction amount on the reconciliation line that is applied to the **bank account or the check ledger entry.**
- **Difference:** Shows the difference between the amount in the **Statement Amount** field and the **Applied Amount** field for the reconciliation line.

When you use the **Choose Column** feature, the following fields are available in the lines:

- **Value Date:** You can use this field to enter the official date when funds are available and when interest is calculated on the amount on the reconciliation line.
- **Document No.:** Shows the document number that is specified on the original bank account ledger entry.
- **Check No.:** Shows the check number (specified as the document number) used on the original check ledger entry.
- **Applied Entries:** Specifies whether the transaction on the bank's statement on this reconciliation line is applied to one or more bank account or check ledger entries.

By clicking **Line** in the **Lines** window, the **Apply Entries** function becomes available. You use this function to apply reconciliation lines to one or more open bank account ledger entries.

Bank Account Reconciliation Window - Ribbon

You can use the **Bank Acc. Reconciliation** ribbon for single-click access to several functions and overviews. The **Home** tab contains the following buttons that are used in the bank reconciliation process:

- **Suggest Lines:** Provides access to the **Suggest Bank Acc. Reconciliation** batch job.
- **Transfer to General Journal:** Provides access to the **Trans. Bank Rec. to Gen. Jnl.** batch job.
- **Post:** Used to post the bank reconciliation.
- **Post and Print:** Used to print and post the bank reconciliation.

From the **Navigate** tab, the **Card** button is available. The **Card** button provides access to the **Bank Account Card**.

Populating Bank Reconciliation Lines

The transactions on the bank statement must be entered on the reconciliation lines. There are two methods that are available to populate the lines—**Manually** and by using the **Suggest Bank Acc. Recon. Lines** batch job.

Typically, the batch job is used to suggest open bank account and check ledger entries in Microsoft Dynamics NAV 2013. Entries **not in the system are entered manually**. They include, but are not limited to the following:

- Bank fees
- Interest earned and charged
- Transaction adjustments

All the transactions on the bank statement must be applied to the open bank account or the open check ledger entries on the relevant bank account. The batch job makes these applications automatically, whereas any manual entries must be applied by using the **Apply Entries** button.

If you access the **Suggest Bank Acc. Recon. Lines** batch job from the **Home** tab on the **Bank Acc. Reconciliation** window, it will include the following fields:

- **Starting Date:** Enter the starting posting date for the ledger entries to be reconciled.
Leave this blank to have the batch job suggest all open or bank account and check ledger entries that are not reconciled.



Best Practice: Leave the starting date open to include all open bank account ledger entries until the ending date.

- **Ending Date:** Populated automatically with the **Statement Date** that is entered in the header of the **Bank Acc. Reconciliation** window.
- **Include Checks:** If this is selected, the batch job suggests check ledger entries instead of the corresponding bank account ledger entries.
This option fills in the Check No. field on the reconciliation line.

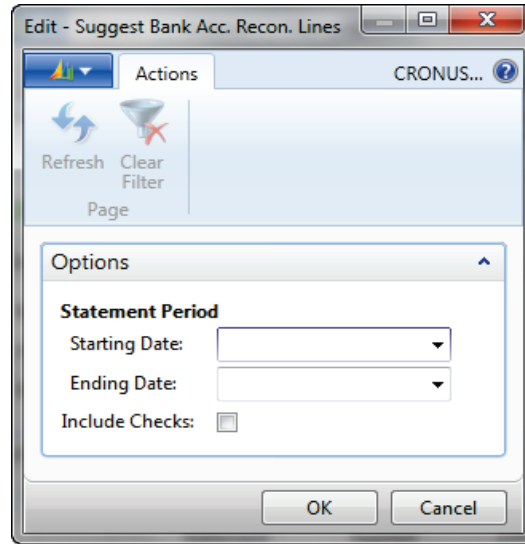



FIGURE 5.2: SUGGEST BANK ACC. RECON. LINES WINDOW

 **Note:** Typically, the range that is specified in the **Starting Date** and **Ending Date** fields is the same as the date range of the bank statement.

Demonstration: Complete a Bank Reconciliation

The main steps in reconciling a bank account in Microsoft Dynamics NAV 2013 are as follows:


1. Fill in the bank reconciliation.
2. Update bank reconciliation lines.
3. Record incorrect transaction amounts.
4. Post the Bank Reconciliation.

In this demonstration, each step of the bank reconciliation process is completed.

Scenario

April is the accounts payable assistant, and she is responsible for reconciling the bank accounts every fourteen days.

In this demonstration, April finishes each step of the reconciliation process for the WWB-OPERATING bank account for the period January 14 2014 through January 31 2014.

 **Note:** To successfully perform this demonstration, each demonstration and lab in the "Cash, Receivables, and Payables Management" module must be completed.

Step 1: Filling in the Bank Reconciliation

The first step of the bank reconciliation process is to fill in the bank reconciliation header and lines.

Scenario: April opens the **Bank Acc. Reconciliation** window, fills in the header, and then uses the **Suggest Line** function to populate the reconciliation lines.

To fill in the Bank Reconciliation header, follow these steps.

1. On the navigation pane, click **Departments**, click **Financial Management**, click **Cash Management**, and then click **Bank Account Reconciliations**.
2. Click **New**.
3. In the **Bank Account No.** field, click the drop-down list and select the WWB-OPERATING account.
4. In the **Statement Date** field, type 01/31/14.
5. In the **Statement Ending Balance** field, type -1,387,491.94.

The **Statement No.** and the **Balance Last Statement** fields are automatically populated based on the information on the bank account card.



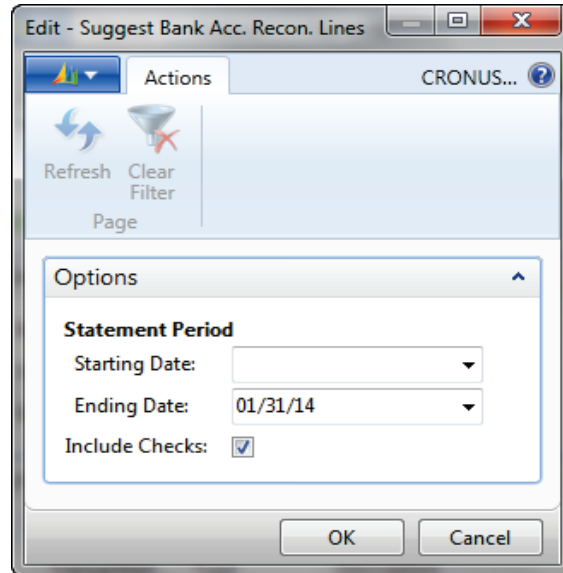
Note: If this is the first bank statement and reconciliation for the account, manually enter the statement number. The program automatically fills in the Statement No. and the Last Balance Statement for all future reconciliations.

Populate and Review the Bank Reconciliation Lines

You can use the **Suggest Lines** function to automatically populate the bank reconciliation lines with transactions that are posted to the bank account, but are not yet reconciled.

To fill in the bank reconciliation lines by using the suggest lines function, follow these steps.

1. With the Bank reconciliation header completed, click **Suggest Lines** in the **Home** tab of the ribbon.
2. In the **Suggest Bank Acc. Recon. Lines** window, leave the **Starting Date** field empty.
3. Do not change the **Ending Date** field.
4. Click the **Include Checks** check box to insert a check mark.
5. Click **OK**.



The suggested reconciliation lines consist of all open ledger entries on the bank account for the period specified in the **Suggest Bank Acc. Recon. Lines** batch job.

General

Bank Account No.: WWB-OPERATING
Statement No.: 26
Statement Date: 01/31/14

Balance Last Statement: -1,230,758.17
Statement Ending Balance: -1,387,491.94

Lines

| Transaction Date | Type | Description | Statement Amount | Applied Amount | Difference | Value Date | Document No. | Check No. | Applied Entries |
|------------------|-------------|-----------------------------------|------------------|----------------|------------|------------|--------------|-----------|-----------------|
| 01/08/14 | Check Le... | London Postmaster | -8,132.00 | -8,132.00 | 0.00 | | | 1200 | 1 |
| 01/15/14 | Bank Acc... | Invoice no. 156683 for Gasolin... | -113.38 | -113.38 | 0.00 | | 2598 | | 1 |
| 01/16/14 | Bank Acc... | Bank Transfer 2014 | -3,070.45 | -3,070.45 | 0.00 | | BANK1 | | 1 |
| 01/16/14 | Bank Acc... | Bank Transfer 2014 | -1,489.07 | -1,489.07 | 0.00 | | BANK2 | | 1 |
| 01/22/14 | Bank Acc... | Postage 2014 | -193.59 | -193.59 | 0.00 | | 2601 | | 1 |
| 01/22/14 | Bank Acc... | AR Day Property Management | -77,302.30 | -77,302.30 | 0.00 | | 2603 | | 1 |
| 01/22/14 | Bank Acc... | CoolWood Technologies | -67,639.51 | -67,639.51 | 0.00 | | 2604 | | 1 |
| 01/23/14 | Bank Acc... | Payment, Accounting System... | -121.57 | -121.57 | 0.00 | | 2605 | | 1 |
| 01/23/14 | Check Le... | Grassblue Ltd. | -2,850.00 | -2,850.00 | 0.00 | | | 1202 | 1 |
| 01/25/14 | Bank Acc... | John Haddock Insurance Co. | 116,167.75 | 116,167.75 | 0.00 | | G02002 | | 1 |
| 01/25/14 | Check Le... | Payment to vendor 30000 | -93,998.66 | -93,998.66 | 0.00 | | | 200 | 1 |
| 01/28/14 | Bank Acc... | John Haddock Insurance Co. | 154,251.63 | 154,251.63 | 0.00 | | G02001 | | 1 |
| 01/29/14 | Bank Acc... | Voiding check 1200. | 8,132.00 | 8,132.00 | 0.00 | | 1200 | | 1 |

Balance: -1,207,117.32
Total Balance: -1,207,117.32
Total Difference: 0.00

FIGURE 5.4: BANK ACC. RECONCILIATION WINDOW



Note: To complete the demonstration, use the **Choose Columns** function to add the following fields: **Value Date**, **Document No.**, **Check No.**, and **Applied Entries**.

The Suggest Lines process also applied the reconciliation lines automatically to the corresponding ledger entries. To verify the applications for each reconciliation line, follow these steps.

1. Select the line to review.
2. Click the **Applied Entries** field to view the applied entries.

After reviewing, close the Bank Account Ledger Entries or Check Ledger Entries window.

Step 2: Updating the Bank Reconciliation Lines

In a typical business situation, the following differences can occur:

- Transactions entered into the bank account in Microsoft Dynamics NAV 2013 are not on the bank statement.
- Transactions on the bank statement are not in Microsoft Dynamics NAV 2013.
- Transactions in the bank account and on the bank statement correspond to one another but are recorded differently.

Removing Transactions Not in the Bank Statement

Typically, the first step in reconciling differences is to remove the transactions entered in the program that do not appear in the bank statement. Examples of these transactions are as follows:

- Checks that are sent to the vendors, but are not presented to the bank.
- Cash or checks that are received and entered in the system but not deposited and cleared in your bank account.

Scenario: After filling in the bank reconciliation header and lines, April compares the bank statement to the bank reconciliation lines to find entries in Microsoft Dynamics NAV 2013 that do not appear on the bank statement. All the amounts on the statement are in local currency (LCY).

| Date | Description | Amount | Reason |
|----------|----------------|------------|-----------------------------------------------------------|
| 01/08/14 | Check No. 1200 | -8,132.00 | Check not received by the vendor, is financially voided. |
| 01/16/14 | Bank Transfer | -3,070.45 | Posted as a single transfer; adjusted in a later step. |
| 01/16/14 | Bank Transfer | -1,489.07 | Posted as a single transfer; adjusted in a later step. |
| 01/22/14 | Doc. No. 2603 | -77,302.30 | Not cleared by the bank by 01/31/10. |
| 01/23/14 | Doc. No. 2605 | -121.57 | Incorrect amount, check is cleared by the bank as 211.57. |
| 01/29/14 | Doc. No. 1200 | 8,132.00 | Voiding entry for check number 1200. |
| 01/31/14 | Check No. 1204 | -15,846.00 | Not cleared by the bank by 01/31/10. |

The following items are removed from the bank reconciliation:

- **Document No.:** BANK1 and BANK2.
Because they do not match the transfer amount on the bank statement. These items are addressed in the Applying Bank Transactions to Multiple Entries section.
- **Document No.:** 2603 for the amount -77,302.30 LCY.
Because it has not cleared the bank account by 01/31/14, it will appear in the next bank reconciliation.
- **Check No.:** 1204 for the amount -15,845.00 LCY.
Because it has not cleared the bank account by 01/31/10. This check is already financially voided in February. Therefore, it has to be available for the next reconciliation so that you can assign it to the voiding check entry.

To remove the entries, follow these steps.

1. In the **Bank Reconciliation** window, select both bank transfer lines (**Document No.** BANK1 and BANK2).
2. Right-click the lines and point to **Delete Lines**.
3. Click **Yes** to delete the lines.

4. Locate and select the line for the -77,302.30 amount (**Document No.** 2603).
5. Right-click the lines and point to **Delete Lines**.
6. Click **Yes** to delete the lines.
7. Locate and select the line for the -15,845.00 amount (**Check No.** 1204).
8. Right-click the lines and point to **Delete Lines**.
9. Click **Yes** to delete the lines.

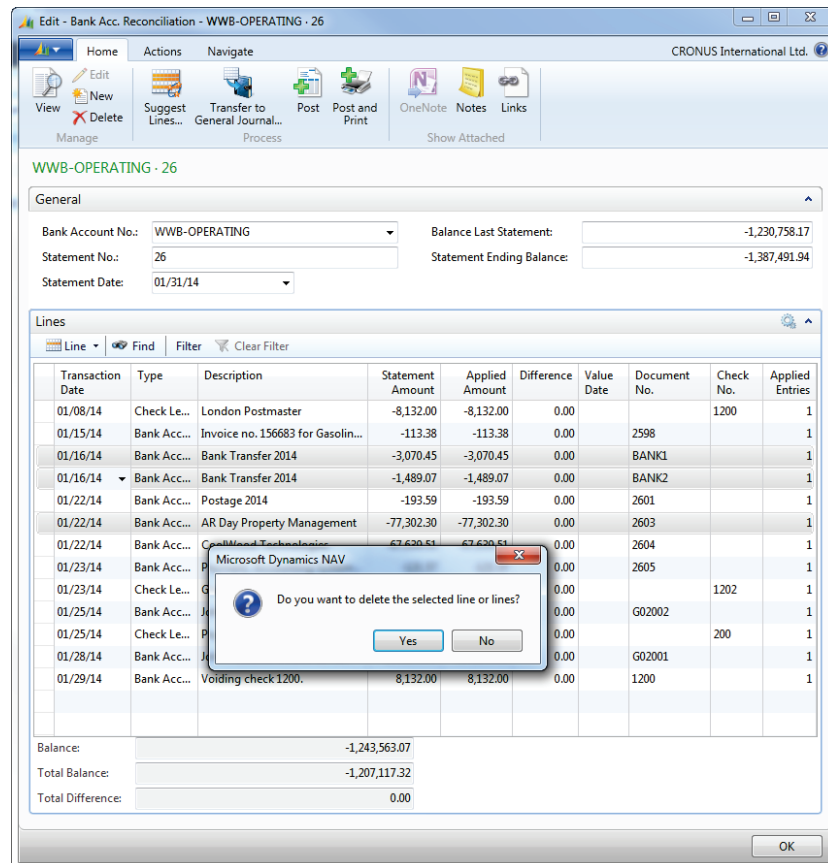


FIGURE 5.5: BANK ACC. RECONCILIATION WINDOW

The following items are not removed from the bank reconciliation:

- **Check No.** 1200 and **Document No.** 1200.
 - The check did not clear in the previous bank reconciliation. This is why it appears in this one.
 - Because the corresponding voiding check entry (**Document No.** 1200) does appear, these two entries will remain in the reconciliation so that they can be posted and closed.
- **Document No.** 2605 is an incorrect amount that will be corrected in the journal and has to remain in the reconciliation.

Adding and Posting Transactions Recorded by the Bank

After you remove transactions that do not appear on the bank statement, add the lines for bank-related transactions, such as fees or interest. Because these transactions are not in the program, the following steps must be performed:

1. Add the transactions manually to the bank reconciliation lines.
2. Transfer the line to a general journal.
3. Post the transactions by using a general journal.
4. Apply the posted general journal entry to the bank reconciliation line.

Scenario: April will now view the entries on the bank statement that do not appear in Microsoft Dynamics NAV 2013. There is a 2,178.83 LCY entry for interest charged. April must enter this interest charge in Microsoft Dynamics NAV 2013 to continue with the reconciliation process.

To enter the interest amount, follow these steps.

1. At the bottom of the **Bank Acc. Reconciliation** window, insert a new line.
2. In the **Transaction Date** field, type 01/31/14.
3. Make sure that the **Type** is set to **Bank Account Ledger Entry**.
4. In the **Description** field, type Interest, January 2014.
5. In the **Statement Amount** field, type -2,178.83.
6. Press **TAB** or **ENTER**.

The following fields are affected by this transaction line:

- The **Applied Amount** and **Applied Entries** fields are zero because it has not been applied to an entry in the Bank Account Ledger Entries.
- The **Difference** field on the line contains the amount entered in the **Statement Amount** field because it is not applied to an entry.
- The **Total Difference** field at the bottom of the window also contains the difference.

The bank reconciliation cannot be posted unless the contents of the **Total Difference** field is either:

- Equal to zero (this is achieved when all lines are fully applied).
- The sum of the **Statement Amounts** from all reconciliation lines with a type of **Difference**.

To achieve either of these results, the new transaction line must be transferred to a general journal and posted.

The **Trans. Bank Rec. to Gen. Jnl.** batch job transfers all bank reconciliation lines that meet the following conditions:

- **Type:** Bank account ledger entry.
- **Difference:** Nonzero balance.

To transfer the new lines to a General Journal, follow these steps.

1. In the **Bank Acc. Reconciliation** ribbon, click **Transfer to General Journal**.
2. In the **Gen. Journal Template** field, click the drop-down list and select GENERAL.
3. In the **Gen. Journal Batch** field, click the drop-down list and select the DEFAULT and then click **OK**.
4. Click **OK** to transfer the entry to the General Journal.

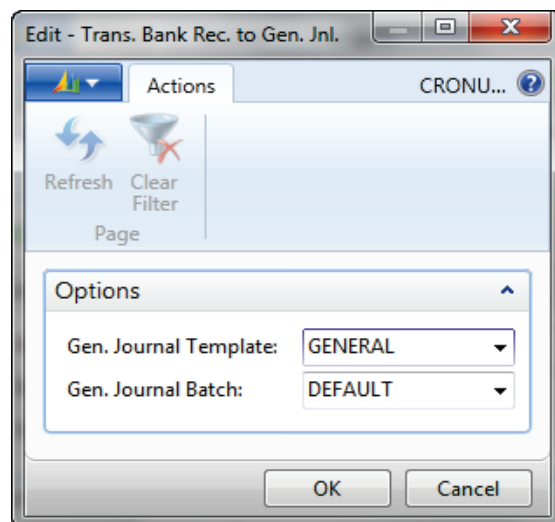


FIGURE 5.6: TRANS. BANK REC. TO GEN. JNL. WINDOW

The next step is to open the general journal and post the interest entry. To post the line in the general journal, follow these steps.

1. In the navigation pane, click **Financial Management**, click **General Ledger** and then click **General Journals**.
2. In the **Batch Name** field, click the drop-down list and select DEFAULT.
3. Click **OK**.
4. If other lines appear in the batch, delete all lines except for the interest entry with a **Posting Date** of 01/31/14.
5. In the **Document Type** field, click the drop-down list and select Payment. This indicates that the journal involves a cash payment.
6. In the **Bal. Account No.** field, type 9210, because this entry is interest due on revolving credit.

7. Click **Post**.
8. Click **Yes** to post the journal lines.
9. Click **OK**.
10. Close the **General Journal** window.

The final step in posting the interest transaction is to apply the line in the bank reconciliation to the posted general journal entry.

To apply the interest entry in the bank reconciliation, follow these steps.

1. On the **Bank Acc. Reconciliation** window, make sure that the interest entry line is selected.
2. In the **Lines** window, click **Line**, and select the **Apply Entries** function.
3. Find the line for interest entry, posted on 01/31/14.
4. Select the **Applied** check box.
5. Click **OK**.

| Applied | Posting Date | Document Type | Document No. | Description | Amount | Remaining Amount | Open | Positive | Department Code | Project Code |
|-------------------------------------|--------------|---------------|--------------|--------------------------------------|------------|------------------|-------------------------------------|--------------------------|-----------------|--------------|
| <input type="checkbox"/> | 01/16/14 | | BANK1 | Bank Transfer 2014 | -3,070.45 | -3,070.45 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <input type="checkbox"/> | 01/16/14 | | BANK2 | Bank Transfer 2014 | -1,489.07 | -1,489.07 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <input type="checkbox"/> | 01/22/14 | Payment | 2603 | AR Day Property Management | -77,302.30 | -77,302.30 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <input type="checkbox"/> | 01/24/14 | | G00001 | Materials for Packing Machine 2014 | -163.34 | -163.34 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <input checked="" type="checkbox"/> | 01/31/14 | Payment | G00001 | Interest, January 2014 | -2,178.83 | -2,178.83 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| <input type="checkbox"/> | 01/24/14 | | G00002 | Invoice no. 156786 for Gasoline 2014 | -113.38 | -113.38 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |

Statement Amount: -2,178.83 Difference: 0.00

Applied Amount: -2,178.83

OK Cancel

FIGURE 5.7: APPLY BANK ACC. LEDGER ENTRIES WINDOW

The following fields are affected by this process:

- The **Applied Amount** field now contains -2,178.83.
- The **Applied Entries** field now contains a 1. This specifies that a single application is made for this entry.
- The **Difference** field for the line contains 0.00.

Because the **Total Difference** field is now zero, the interest reconciliation line no longer prevents the bank reconciliation from being posted.

Applying Bank Transactions to Multiple Entries

If a single transaction on the bank statement corresponds to multiple separate bank account ledger entries in Microsoft Dynamics NAV 2013, you can apply these multiple ledger entries to the single reconciliation line for the bank statement transaction.

Scenario: April notices that the bank recorded the two bank transfers dated 01/16/14 in the amounts of -3,070.45 LCY and -1,489.07 LCY as a single amount of -4,559.52 LCY on 01/20/14. To make the bank reconciliation entry match the bank statement, April creates a single bank transfer entry and then applies the existing bank transfer entries.

To apply multiple existing entries to a single entry, follow these steps.

1. At the bottom of the **Bank Acc. Reconciliation** window, insert a new line.
2. In the **Transaction Date** field, type 01/20/14.
3. Make sure that the **Type** is set to **Bank Account Ledger Entry**.
4. In the **Description** field, type Bank Transfers 01/16/14.
5. In the **Document No.** field, type BANK1, BANK2.
6. With the new line selected, in the **Lines** window, click **Line**, and select the **Apply Entries** function.
7. Click the **Applied** field for both bank transfer lines.
8. Click **OK**.

Both the **Statement Amount** and **Applied Amount** fields are populated with -4,559.52, the total of both transfer lines. The **Difference** field on the line and **Total Difference** on the window are still 0.00. The reconciliation line will not stop the bank reconciliation posting process.

Step 3: Recording Incorrect Transaction Amounts

If a bank statement contains an incorrect transaction, the following will occur:

- The transaction cannot be applied to a ledger entry.
- The bank reconciliation cannot be posted.

Scenario: April also notices that the bank, by mistake, recorded the 121.57 LCY payment for the Accounting Systems Hotline as a 211.57 LCY payment. Because of this error, when the bank reconciliation lines are suggested, the 121.57 LCY payment is suggested and it is applied correctly to the bank ledger entry that is entered in the program. However, the Statement Ending Balance of -1,281,892.77 LCY is based on a withdrawal of the 211.57 LCY payment. Therefore the reconciliation cannot be posted.

To resolve this issue, April decides to make adjustments in the bank reconciliation and contact the bank later to report the error.

To resolve the incorrect bank statement line, follow these steps.

1. In the **Bank Acc. Reconciliation** window, select the line for **Document No. 2605** the Payment, Accounting Systems Hotline, 2014.
2. In the **Type** field, click the drop-down list and select **Difference**.
3. Click **Yes** to delete the application.

By removing the application, the ledger entry is still open when the bank reconciliation is posted, similar to usual outstanding deposit entries.

The **Total Difference** field shows -121.57 LCY. If this amount is equal to the sum of all lines where the **Type** field is **Difference**, the bank reconciliation can be posted.

However, the bank reconciliation cannot post until the amount for the reconciliation line is equal to the incorrect amount in the bank statement. You can correct this by using either of the following methods:

- Adjust the **Statement Amount** to equal the amount on the bank statement, in this case, -211.57 LCY.
- Add a line for the difference between the two amounts.

For this demonstration, a line is added for the difference between the two amounts.

To add a line for the difference between the two amounts, follow these steps.

1. In the lines, right-click and select **New Line**.
2. In the **Transaction Date** field, type 01/31/14.
3. In the **Document No.** field, type 2605, the same as the original line.
4. In the **Type** field, click the drop-down list and select **Difference**.
5. In the **Description** field, type Correction, Document No. 2605.
6. In the **Statement Amount** field, type -90.00.

With either method, there is still an open ledger entry for -121.57 LCY that must be applied when the bank corrects the error, typically during the next bank reconciliation.

When you record transaction differences with this method, the advantage is that the correct G/L bank account balances are retained in the program.

The disadvantage is that as soon as the reconciliation is posted, users cannot determine whether the differences are resolved or if other errors in the bank statement are corrections of previous errors.

Step 4: Posting the Bank Reconciliation

The final step in the bank reconciliation process is posting. Before you post, you must verify the following information in the **Bank Acc. Reconciliation** window, and the following conditions must be met:

- The value in the **Statement Ending Balance** field must equal the value in the **Total Balance** field.
- The **Total Difference** field equals the sum of all lines with the **Type** field set to Difference.

You can confirm these requirements by printing the bank account statement test report. To print this report, follow these steps.

1. In the **Actions** tab of the ribbon, click **Test Report**.
2. Click **Preview**.
3. Review and then close the report.

Scenario: April finishes all the steps of the bank reconciliation process, and after she runs the test report to verify all posting requirements, she posts the reconciliation.

1. In the **Home** tab of the ribbon, click **Post**.
2. Click **Yes** to post the reconciliation.
3. Close the **Bank Acc. Reconciliation** window.

Reviewing the Posted Bank Reconciliation

As soon as the reconciliation is posted, related bank account ledger entries are modified as follows:

- The **Open** check box is cleared.
- The bank statement number is added.
- A bank account statement is created.

Scenario: After April posts the bank reconciliation, she reviews the bank account entries and the posted statement.

Module 5: Cash Management

To view the bank account entries and statement, follow these steps.

1. In the navigation pane, click **Cash Management**, and then click **Bank Accounts**.
2. Locate and select the WWB-OPERATING account.
3. In the **Navigate** tab of the ribbon, click **Ledger Entries**.
4. The following entries are marked as **Open**:
 - The entries that are deleted from the **Bank Acc. Reconciliation** window.
 - The incorrect entry for -121.57 LCY that is unapplied.
 - The entry dated 02/21/14. This entry is not part of this reconciliation.
5. Close the **Bank Account Ledger Entries** window.
6. In the **Navigate** tab of the ribbon, click **Statements**.
7. Double-click the line for statement number 26.
8. Review the statement and then close the **Bank Account Statement** and **Bank Account Card** windows.

| Posting Date | Document Type | Document No. | Bank Account No. | Description | Amount | Open | Entry No. |
|--------------|---------------|--------------|------------------|-------------------------------------------|---------------|-------------------------------------|-----------|
| 12/31/13 | | BANK1 | WWB-OPERA... | Opening Entries, Bank Accounts | -1,346,318.85 | <input type="checkbox"/> | 2448 |
| 01/02/14 | | 2589 | WWB-OPERA... | Rent, 1st Quarter, 2014 | -208.49 | <input type="checkbox"/> | 2516 |
| 01/02/14 | | 2592 | WWB-OPERA... | New Tires 2014 | -44.48 | <input type="checkbox"/> | 2525 |
| 01/08/14 | Payment | 2593 | WWB-OPERA... | London Postmaster | -72,470.91 | <input type="checkbox"/> | 2555 |
| 01/08/14 | Payment | 1200 | WWB-OPERA... | London Postmaster | -8,132.00 | <input type="checkbox"/> | 2768 |
| 01/09/14 | Payment | 2594 | WWB-OPERA... | Payment 2014 | 42,315.42 | <input type="checkbox"/> | 2560 |
| 01/09/14 | Payment | 2594 | WWB-OPERA... | Payment 2014 | 25,389.25 | <input type="checkbox"/> | 2562 |
| 01/09/14 | Payment | 2594 | WWB-OPERA... | Payment 2014 | 55,010.04 | <input type="checkbox"/> | 2564 |
| 01/11/14 | | 2595 | WWB-OPERA... | Salaries, Week 1-2 2014 | -1,000.27 | <input type="checkbox"/> | 2571 |
| 01/12/14 | Payment | 2596 | WWB-OPERA... | Payment 2014 | 25,389.25 | <input type="checkbox"/> | 2586 |
| 01/12/14 | Payment | 2596 | WWB-OPERA... | Payment 2014 | 50,778.50 | <input type="checkbox"/> | 2588 |
| 01/12/14 | Payment | 2596 | WWB-OPERA... | Payment 2014 | 67,704.67 | <input type="checkbox"/> | 2590 |
| 01/12/14 | Payment | 2597 | WWB-OPERA... | AR Day Property Management | -77,302.30 | <input type="checkbox"/> | 2592 |
| 01/15/14 | | 2598 | WWB-OPERA... | Invoice no. 156683 for Gasoline 2014 | -113.38 | <input type="checkbox"/> | 2639 |
| 01/16/14 | | BANK1 | WWB-OPERA... | Bank Transfer 2014 | -3,070.45 | <input type="checkbox"/> | 2641 |
| 01/16/14 | | BANK2 | WWB-OPERA... | Bank Transfer 2014 | -1,489.07 | <input type="checkbox"/> | 2643 |
| 01/22/14 | | 2601 | WWB-OPERA... | Postage 2014 | -193.59 | <input type="checkbox"/> | 2714 |
| 01/22/14 | Payment | 2603 | WWB-OPERA... | AR Day Property Management | -77,302.30 | <input checked="" type="checkbox"/> | 2719 |
| 01/22/14 | Payment | 2604 | WWB-OPERA... | CoolWood Technologies | -67,639.51 | <input type="checkbox"/> | 2721 |
| 01/23/14 | | 2605 | WWB-OPERA... | Payment, Accounting Systems Hotline, 2... | -121.57 | <input checked="" type="checkbox"/> | 2738 |

FIGURE 5.8: BANK ACCOUNT LEDGER ENTRIES WINDOW

Module Review

Module Review and Takeaways

A company must always be aware of its financial status and have its bank accounts reconciled. The bank reconciliation process in Microsoft Dynamics NAV 2013 makes sure that a company's transactions are always reconciled and that a user can follow the balances on all the bank accounts.

Test Your Knowledge

Test your knowledge with the following questions.

1. Which of the following must occur before you post a bank reconciliation?
 - () The Bank Account Statement - Test Report is printed.
 - () The Total Difference field equals the sum of all lines with the Type field set to Difference.
 - () The value in the Statement Ending Balance field must not equal the value in the Total Balance field.
 - () There are unapplied entries.
2. Which of the following actions occur as soon as the bank reconciliation is posted?
 - () The check mark in the Open field is removed for all posted entries.
 - () Posted general ledger entries are created.
 - () A new Bank Reconciliation Statement is automatically created for the next bank reconciliation.
 - () The transfer to a general journal batch occurs.
3. To post the bank reconciliation, which fields must balance?
 - () Statement ending balance and balance
 - () Statement ending balance and total balance
 - () Total balance and balance
 - () Statement balance and statement ending balance

4. On which two fields is the amount in the **Difference** field based on?

- ☐ Statement amount and total balance
- ☐ Statement amount and balance
- ☐ Applied amount and balance
- ☐ Statement amount and applied amount

Test Your Knowledge Solutions

Module Review and Takeaways

1. Which of the following must occur before you post a bank reconciliation?
 - ☐ The Bank Account Statement - Test Report is printed.
 - ☒ The Total Difference field equals the sum of all lines with the Type field set to Difference.
 - ☐ The value in the Statement Ending Balance field must not equal the value in the Total Balance field.
 - ☐ There are unapplied entries.
2. Which of the following actions occur as soon as the bank reconciliation is posted?
 - ☒ The check mark in the Open field is removed for all posted entries.
 - ☐ Posted general ledger entries are created.
 - ☐ A new Bank Reconciliation Statement is automatically created for the next bank reconciliation.
 - ☐ The transfer to a general journal batch occurs.
3. To post the bank reconciliation, which fields must balance?
 - ☒ Statement ending balance and balance
 - ☐ Statement ending balance and total balance
 - ☐ Total balance and balance
 - ☐ Statement balance and statement ending balance
4. On which two fields is the amount in the **Difference** field based on?
 - ☐ Statement amount and total balance
 - ☐ Statement amount and balance
 - ☐ Applied amount and balance
 - ☒ Statement amount and applied amount