



OGUN DIGICLASS

SUBJECT: FINANCIAL ACCOUNTING

**TOPIC: BANK RECONCILIATION
STATEMENT**



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Learning Objectives

Prepare Bank Reconciliation Statement using different method from a given question.

TREATMENT/ACCOUNTING ENTRY OF BANK RECONCILIATION STATEMENT

Three basics methods can be used for the presentation of Bank Reconciliation statement. They are:

- Starting with the balance as per cash book.
- Starting with the balance as per bank statement.
- Adjustment of cash book and preparation of bank reconciliation statement.

METHOD ONE: STARTING WITH CASH BOOK BALANCE

	N	N
Balance as per cash book.		XX
Add Unpresented cheques	X	
Dividend	X	
Credit transfers	X	XX
	<hr/>	<hr/>
		XX
Less Uncredited cheques	X	
Bank charges	X	
Dishonoured cheques	X	
Standing of order	X	
	X	XX
	<hr/>	<hr/>
		XX
Balance as per Bank statement		<hr/>

Question

- **Illustration 1:** On 31st July 1993, Ologolo's Cash book showed a debit balance of ₦ 4,000. His statement showed a balance of ₦ 4,270. On comparison the following were found;
 - Cheque issued amounting to ₦ 2,500 had not been presented for payment.
 - The bank rejected cheques amounting to ₦ 140
 - Standing order of ₦ 700 to a club was not taken into consideration.
 - A customer, Segun paid ₦ 170 directly into the bank without any notice to the firm.

- a) Bank charges of ₦ 160 were entered in the bank statement only.
- b) A dividend of ₦ 250 was paid directly into the bank and not recorded in the cash book.
- c) Cheques for ₦ 1,650 were entered into the cash book and paid to the bank but had not been cleared thus not credited.

You are required to prepared the Bank Reconciliation Statement for the month of July 1993.

Layout of Bank Reconciliation Statement when starting Balance as per bank statement

		N	N
Balance as per bank statement.			X
Add	Uncredited cheques	X	
	Standing order	X	
	Bank charges	X	
	Dishonoured charges	<u>X</u>	<u>X</u>
			XX
Less	Unpresented cheques	X	
	Dividend	X	
	Credit transfer	X	<u>XX</u>
	Balance as per Cash book		<u>XXX</u>

Format

Dr	Adjusted Cash Book		Cr
	N		N
Balance b/f	xx	Bank Charges	xx
Payment overcast	xx	Interest payment	xx
Credit transfer	xx	Standing order	xx
Dividend	xx	Dishonoured cheque	xx
Receipts undercast	xx	Receipt overcast	xx
Interest received		Payment overcast	xx
		Direct debits	<u>xx</u>
	<u>xx</u>	Balance c/d	xx
	xx		

Bank Reconciliation Statement

Balance as per Adjusted cash book

~~N~~

X

Add Unpresented cheque

X

XX

Less Uncredited cheques

X

Balance as per bank statement.

Xx



ASSIGNMENT

- Differentiate between Unpresented cheque and uncredited cheque
- State five items that can be recorded under the credit column of Bank Statement

