



Department of Education
SCHOOLS DIVISION OFFICE - CITY OF MEYCAUAYAN
Pag-asa St., Malhacan, City of Meycauayan, Bulacan



Senior High School

12

Activity Sheet in Fundamentals of Accountancy, Business and Management 2

Check Preparation & Understanding Bank Statement

ABM_FABM12IIC-8 & ABM_FABM12IIC-9



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NOT FOR SALE



Check Preparation & Understanding Bank Statement

LET US KNOW

Check preparation is usually done by the accounts payable or disbursement personnel of accounting department in the company. We have learned from the previous lesson that ideally a check or current account is more convenient to have in the business for proper monitoring of records and cash outflow. In this activity sheet, we will learn the industry practices in preparing check used for payments and we will understand the importance of bank statement as tool for bank reconciliation.



LET US REVIEW

Give the parts of Deposit slip and Withdrawal slip form used in bank transactions. Copy the matrix below on separate sheet of paper for your answers.

Deposit Slip	Withdrawal slip



LET US STUDY

Part of cash management procedure is the check preparation for company cash disbursement department. We use check as cash equivalent so we can control the cash outflow in the company. Company also follow strict procedure in preparing and releasing checks. **Only those who have a cash disbursement request and approval from the management will be processed.** The management are also the signatories of the check.

Voucher System is formalizing the verification and approval of payments. Under this system check will be prepared and drawn only upon approval of the management. Nowadays voucher system is already included in the accounting system package used by the company for the convenience of consolidation of financial data and generate financial report.

Voucher is a serially numbered form that identifies the name and address of the payee the due date, terms, description, and invoice amount. This also has a designated

officer to sign their approval payment and spaces for details such as date of payment check number and ledger entries. Vouchers varies depending on the need of the company.

Sample of Vouchers used in the company

- **Petty Cash Voucher** it is a form used by the company for minor expenses. **Petty cash fund is an on-hand cash fund.** The total of all the receipts is calculated to ensure that it matches the disbursed funds from the petty cash drawer. A petty cash custodian is the one who handle the liquidation, reimbursements and replenishment of the said fund.
- **Accounts Payable Voucher** it is a form used for the liquidation or to reflect the request disbursement in a company.
- **Check Voucher** is prepared along with accounts payable voucher **this is to reflect the check to be used as payment for the requested cash disbursement or expenses with management approval.**

Blank Check with Label

Check is a written instrument that order bank to pay the bearer (**payee**) with specific amount.

The diagram shows a blank check with the following fields and labels:

- ACCOUNT NUMBER:** 001228201300
- ACCOUNT NAME:** DINA MATALINO
- BARCODE:** [Barcode]
- DATE:** [Blank]
- CHECK NUMBER:** 00102223
- PAYEE:** [Blank]
- PAY TO THE ORDER OF:** [Blank]
- AMOUNT IN WORDS:** [Blank]
- AMOUNT IN FIGURE:** P [Blank]
- PAYOR'S SIGNATURE:** [Blank]
- BANK NAME:** BANCO ADRIATICO, CITY OF MEYCAUAYAN, BULACAN
- ROUTING & ACCOUNT NUMBER:** 000000032420130200001228203000000000

Figure 1 Blank Check

Account Number is unique number of payor or drawer assigned by the bank.

Account Name is the name of the account holder.

Barcode is a security features of check to avoid fraud and for bank check number validation.

Date is one of the important elements in check. Date is the day when the bank will draw cash from your account.

Effective **July 1, 2018**, the standard date formats written on checks shall be as follows:

1. **Purely Numeric Format** – written and read as Month-Day-Year (MM-DD-YYYY or MM-DD-YY), ex. November 3, 2018: Date not written in standard format will not be accepted.

11032018	11-03-2018
110318	11-03-18
11/03/2018	11.03.2018
11/03/18	11.03.18

2. **Alpha-Numeric Format** – written in full or abbreviated month:

- November 3, 2018
- Nov. 3, 2018
- 3 November 2018
- 3 Nov. 2018

(Reference: <https://www.bdo.com.ph/standard-date-format-checks>)

- ✚ **Check Number** is a control number of a check issued by the bank to the Payor. Payor must record this detail for this serve a reconciling item of checks already release and on hand. It is also used when ordering a check booklet in the bank once all check was already used.
- ✚ **Payee or Pay to the order of is** the name of the bearer of check.
- ✚ **Amount in Figure** is writing the amount in numeric format **ex. ₱105,550.50** always include the decimal.
- ✚ **Amount in Words** is writing the amount in words referring to the amount **in figure**. Use the word **and** between peso and cents only .**Cents is written in fraction form ex. One hundred five thousand five hundred fifty and 50/100 pesos.**
- ✚ **Bank Name** is the issuing bank of checks.
- ✚ **Routing and account number is another unique security ID feature of check to avoid fraud.** Routing is assigned to the account holder to indicate where the funds in a transaction are coming from and going to.
- ✚ **Payors' Signature** is the account holder who pays a debt and obliged to pay a debt in check. It validates the approval of the said payment.
- ✚ **Cross-checking** is two lines on payees' section of the check. This requires depositing of a check on the account of the payee. It cannot be encashed. It will be hard for somebody who stole a check to withdraw the amount written on the instrument if it has cross check.
- ✚ **Post-dated check** is a check already issued to the payees with a future date. It cannot be encashed or deposited in the payees account until the date written on the check.
Example: Billy Manahan issued checks on November1, 2020 to Mrs. Carmencita Soriano dated December 31, 2020 for December rental of space. Mrs. Soriano can hold the check and can only encash it on the date appeared on the check.

- ✚ **Stale Check** is a check presented to the bank beyond six (6) months of its date issued. The check has a validity of six (6) months. Failure to encash after its validity date it will not be honored by a bank.

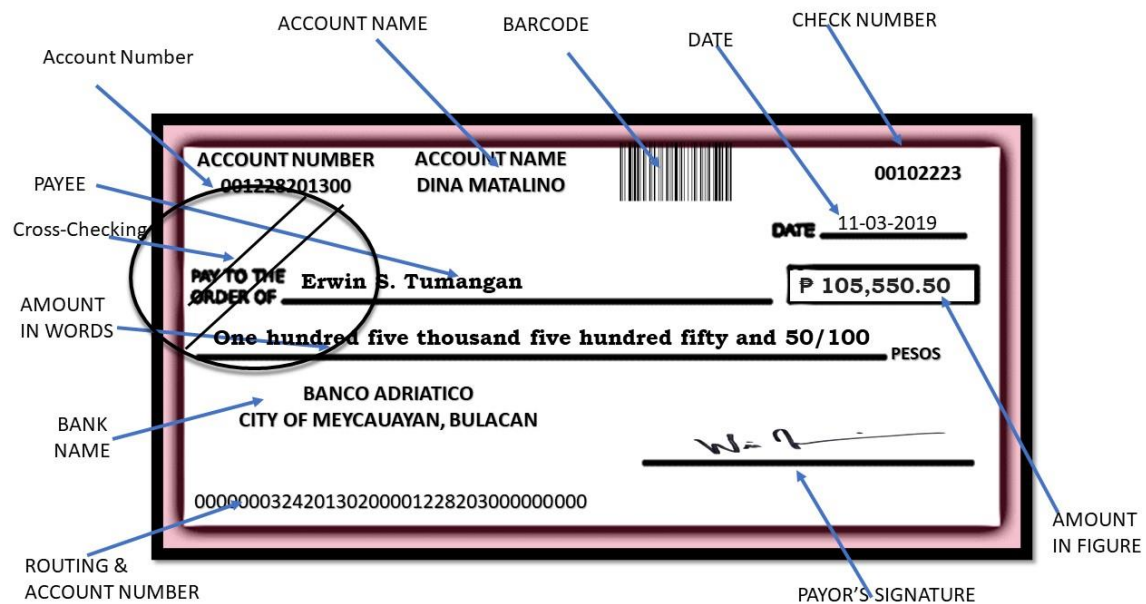


Figure 2 Cross-check with details.

Bank Statement is a detailed transaction of history of the account over the reporting period. It is a report prepared by the bank for those accounts that do not have passbooks. The statement informs the account holders of all transactions that occur during the reporting period. The frequency of report is generally monthly and sent to client via courier services. Bank statement is used for bank reconciliation for company cashflow.

BANK

Statement Ending 09/21/2018

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RETURN SERVICE REQUESTED

Charlie Tango
San Jose Del Monte, Bulacan

Managing Your Accounts

Primary Branch Canton

Phone Number 443-573-4800

Online Banking HowardBank.com

Telephone Banking 1-877-527-2703

Mailing Address 3301 Boston Street
Baltimore, MD 21224

Summary of Accounts

Account Type	Account Number	Ending Balance
SMALL BUSINESS CHECKING	XXXXXXXX1234	

SMALL BUSINESS CHECKING-XXXXXXXX1234

Account Summary

Date	Description	Amount
09/01/2018	Beginning Balance	\$0.00
	36 Credit(s) This Period	
09/21/2018	73 Debit(s) This Period	
	Ending Balance	

Deposits

Date	Description	Amount
09/04/2018	MERCHANT CAPTURE DEPOSIT	
09/06/2018	MERCHANT CAPTURE DEPOSIT	
09/06/2018	MERCHANT CAPTURE DEPOSIT	
09/10/2018	MERCHANT CAPTURE DEPOSIT	
09/14/2018	MERCHANT CAPTURE DEPOSIT	
09/17/2018	MERCHANT CAPTURE DEPOSIT	
09/17/2018	MERCHANT CAPTURE DEPOSIT	
09/17/2018	MERCHANT CAPTURE DEPOSIT	
09/20/2018	MERCHANT CAPTURE DEPOSIT	
09/21/2018	MERCHANT CAPTURE DEPOSIT	

Electronic Credits

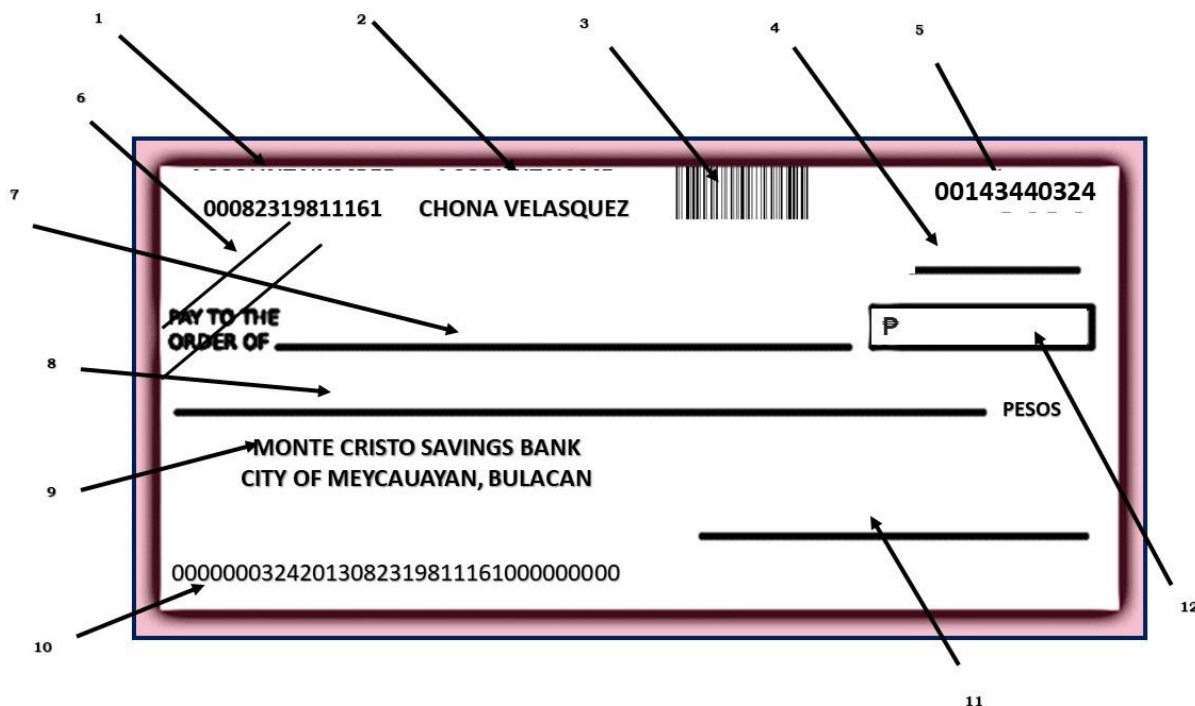
Date	Description	Amount
09/04/2018	MILLER XXXXXXXX18	
09/04/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	
09/05/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	
09/06/2018	Incoming Wire	
09/06/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	
09/07/2018	CUSTOMER PAYMENT	
09/07/2018	DIRECT DEP	
09/07/2018	Freddie Mac ACH	
09/07/2018	CUSTOMER PAYMENT	
09/10/2018	MILLER XXXXXXXX18	
09/10/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	
09/11/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	
09/12/2018	TRANSFER FROM BUSINESS SOLUTIONS ACCOUNT	

Figure 3 Sample Bank Statement



LET US PRACTICE

I. Copy and label the blank check below and in your own words give the definition of each check features. Write your answer on separate sheet of paper.



LET US REMEMBER

Check is a written instrument that order bank to pay the bearer (payee) with specific amount.

Cross-checking is two lines on payees' section of the check. This requires depositing of a check to the account of the payee.

Bank Statement is a detailed transaction of history of the account over the reporting period. It is a report prepared by the bank for those accounts that do not have passbooks. The statement informs the account holders of all transactions that occur during the reporting period. The frequency of report is generally monthly and sent to client via courier services. Bank statement is for reconciling book of accounts and bank book.

Voucher System is formalizing the verification and approval of payments. Under this system check will be prepared and drawn only upon approval of the management.

Post-dated check is a check already issued to the payees with a future date. It cannot be encashed or deposited in the payees account until the date written on the check.

Stale Check is a check presented to the bank beyond six (6) months of its date issued. The check has a validity of six (6) months. Failure to encash after its validity date it will not be honored by a bank.



LET US APPRECIATE

I. Research the following **Do's and Don'ts** in preparing and issuing of a check. Copy below the matrix to list down your findings. Write your answer on separate sheet of paper.

Preparation and Issuing Check Do's and Don'ts	
Do 's	Don'ts



LET US PRACTICE MORE

I. Read the cases given carefully. Copy the blank check below and prepare the check required details. Write your answer on a separate sheet of paper.

Case 1.


Assume that you are Francisco Aguila and you will issue a check to Mr. Antonio Dela Cruz as payment for your loan amounting ₱65,850.60 on February 14, 2019. Mr. Antonio requested you to deposit the payment to his personal account.

ACCOUNT NUMBER 00082319811161	ACCOUNT NAME FRANCISCO AGUILA		00143440324
DATE _____			
PAY TO THE ORDER OF _____		P <input type="text"/>	
_____ PESOS			
MAHARLIKA SAVINGS BANK CITY OF MEYCAUAYAN, BULACAN			
000000032420130823198111610000000000			

8.

Case 2.

You are part of the disbursement team in Perez-Tayag Merchandise. You received a request payment for Joselita Bargain Trading for the purchased inventories last March 13, 2020. Due to pandemic, payment was not made. The company owed the firm an amount of ₱ 155,000.20 and scheduled to be paid on August 31, 2020. The payee requested also to deposit it into their company's account instead of her personal account.

ACCOUNT NUMBER 00082319811161	ACCOUNT NAME PEREZ-TAYAG MERCHANDISE		0006142015143
DATE _____			
PAY TO THE ORDER OF _____		P <input type="text"/>	
_____ PESOS			
THRIFTY BANK CITY OF MEYCAUAYAN, BULACAN			
0000000614201514300000000002222999			

}

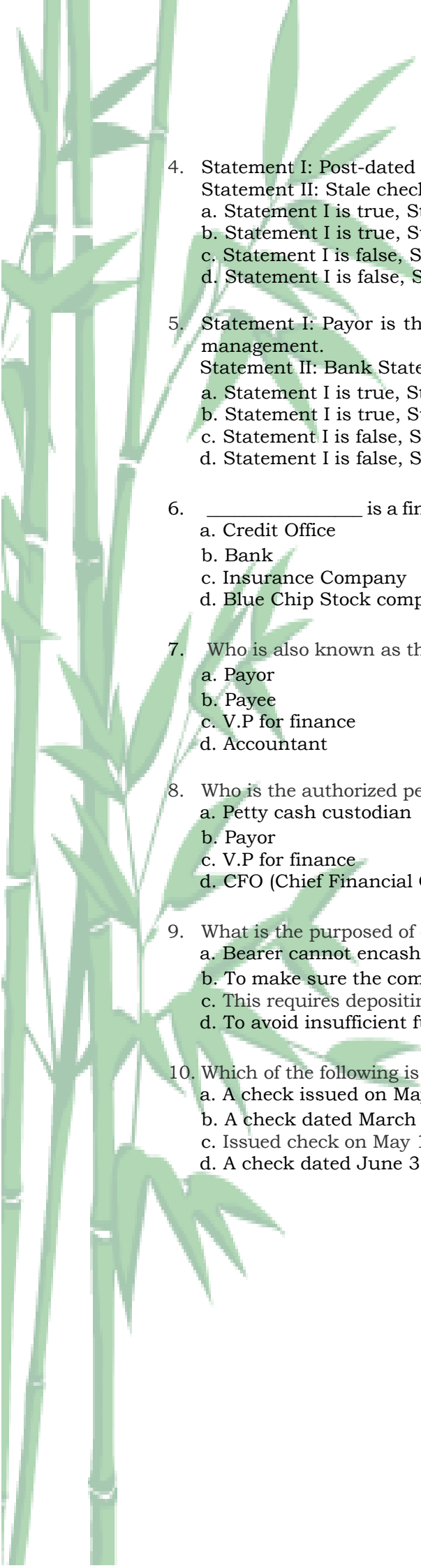
II. Use the graphic organizer to present the advantage of monitoring and filing the company's bank statement. Write your answer on a separate sheet of paper.



EVALUATION

Choose the letter of the correct answer. Write your answer on a separate sheet of paper.

1. Statement I: Only those who have a cash disbursement request and approval from the management will be process for check preparation.
Statement II: Bank Statement is a written instrument that is used for payment or a cash equivalent.
 - a. Statement I is true, Statement II is false.
 - b. Statement I is true, Statement II is true.
 - c. Statement I is false, Statement II is false.
 - d. Statement I is false, Statement II is true.
2. Statement I: Cross checking is two lines on payees' section of the check. This requires depositing of a check to the account of the payee.
Statement II: Voucher system is already included in the accounting system package. used by the company.
 - a. Statement I is true, Statement II is false.
 - b. Statement I is true, Statement II is true.
 - c. Statement I is false, Statement II is false.
 - d. Statement I is false, Statement II is true.
3. Statement I: Ten thousand eight hundred sixty and fifty -five centavos pesos are the correct form of writing the amount ₱10,860.55 in the words on the check.
Statement II: Routing is assigned to the account holder to indicate where the funds in a transaction are coming from and going to.
 - a. Statement I is true, Statement II is false.
 - b. Statement I is true, Statement II is true.
 - c. Statement I is false, Statement II is false.
 - d. Statement I is false, Statement II is true.

- 
4. Statement I: Post-dated Checks are issued check can be encashed anytime.
Statement II: Stale checks has a validity of one (1) year.
 - a. Statement I is true, Statement II is false.
 - b. Statement I is true, Statement II is true.
 - c. Statement I is false, Statement II is false.
 - d. Statement I is false, Statement II is true.
 5. Statement I: Payor is the one who sign in the check, it is often comes from the top management.
Statement II: Bank Statement is use for bank and book reconciliation.
 - a. Statement I is true, Statement II is false.
 - b. Statement I is true, Statement II is true.
 - c. Statement I is false, Statement II is true.
 - d. Statement I is false, Statement II is false.
 6. _____ is a financial institution of that issued checks prepared by the payor.
 - a. Credit Office
 - b. Bank
 - c. Insurance Company
 - d. Blue Chip Stock companies
 7. Who is also known as the bearer of the check?
 - a. Payor
 - b. Payee
 - c. V.P for finance
 - d. Accountant
 8. Who is the authorized person to sign the checks issued?
 - a. Petty cash custodian
 - b. Payor
 - c. V.P for finance
 - d. CFO (Chief Financial Officer)
 9. What is the purposed of cross-check when you issued a check?
 - a. Bearer cannot encashed the check.
 - b. To make sure the company has sufficient fund before the bearer encash the check.
 - c. This requires depositing of a check to the account of the payee.
 - d. To avoid insufficient fund that bears penalties to the issuing party of the check.
 10. Which of the following is an example of post-dated checks?
 - a. A check issued on May 15, 2019 and can be encashed on the same date.
 - b. A check dated March 24, 2013 and encashed on March 24, 2013.
 - c. Issued check on May 15, 2019 but the check is dated on June 30, 2019.
 - d. A check dated June 30, 2018 and the bearer encashed it on June 30, 2020.



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