



## Bank Reconciliations

### What is a Bank Reconciliation and why do one?

A Bank Reconciliation is an important check that your financial records correspond to your bank statements. It's a good indication that what's been posted to your group's bank account in your records has physically gone through your bank account. Occasional errors will always happen and a Bank Reconciliation is a means of correcting them. If you have several bank accounts they'll all need to be reconciled.

### How to do a Bank Reconciliation

- 1) Get your bank statements and financial records.
- 2) Start at the first date of your bank statement.
- 3) Tick each item on the bank statement and tick the corresponding entry on the financial records.
- 4) Add any items, which are on the bank statements (like interest) but not on the financial records onto the financial records so they're up to date.
- 5) Add up the amount of any cheques entered on your financial records, which haven't gone through the bank yet. These are called 'uncleared cheques'.
- 6) Add up any income entered on your financial records, which hasn't appeared on your bank statement yet.
- 7) Set up the following calculation (replacing 'X' with your actual figures)

Bank reconciliation – as of [date]

Bank balance	£XXXX.XX	
Less uncleared cheques		
[cheque number]	£XX	
[cheque number]	£XXX	
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	XXX	-XXX
Plus uncleared receipts	None	+0
Expected balance in books	XXXX.XX	
Actual balance in financial records	XXXX.XX	

8) If there is a discrepancy, work out the difference between the two figures and look for an error of that amount. See separate sheet of common errors for more help and advice.

## How often should you do a Bank Reconciliation?

Bank Reconciliations should ideally be done as soon as your bank statement/s arrive. The shorter the time between transactions occurring and being checked on the reconciliation, the more chance there is of remembering what has gone on and getting errors sorted.