

It is very easy to prepare the [bank reconciliation statement](#). While preparing the bank reconciliation statement the accountant has to go step by step. We are describing the various steps to be taken while preparing of bank reconciliation statement:-

First of all, the accountant must check that the opening balances of bank statement and bank book are matching with the balances as per the last bank reconciliation statement.

All entries must be checked very carefully and ticked in the bank statement and the bank book.

Pending entries in last bank reconciliation also must be checked and make sure that all the entries are ticked.

Then make the list of non-ticked entries on a separate piece of paper.

Now, to reconcile the balances of bank statement and bank book, the accountant has to take a base of one balance either as per bank statement or as per bank book. Here, we are taking the balance as per bank book as base balance and we are assuming that the balance as per bank book is a debit balance.

Add the amount of cheques issued by us but not presented for payment.

Add the amount directly credited by the bank in our account.

Add the amount of cheque issued by us but dishonoured by the bank.

Subtract the amount of cheques deposited by us but not cleared.

Subtract the amount of cheques deposited by us but dishonoured.

Subtract the amounts which are debited directly in our account.

Add or subtract the amount of the mistake in balancing either in a bank statement or in the bank book.

After making the above adjustments the balance must be equal to the balance as per bank statement or passbook.

Please note that in the above case, we have taken the debit balance as per bank book. The position will be reversed if there is credit balance according to bank book i.e. the items which we are adding will be subtracted and the items which we are subtracting will be added.

Following illustrations will clarify the above matter in a better way:-

Illustration:

M/s XYZ Limited is maintaining its current account with State Bank of India. On 31.07.2015 the books of the company show credit balance Rs.1591928.32 while the statement of account of State Bank of India shows debit balance Rs.1629926.32. After reconciling the accounts following differences were traced:-

Cheque No. 861587 received from M/s Star Enterprises for Rs.25834/= which was deposited by us on 30.07.15 but not cleared till 31.07.15.

Cheque No. 023699 received from M/s Gift House for Rs.20520/= which was deposited by us on 30.07.15 but not cleared till 31.07.15.

Cheque No. 386643 issued to MTNL for Rs.356/= on 22.07.15 but not presented for payment.

Cheque No. 386644 issued to Morning Place for Rs.8000/= on 29.07.15 but not presented for payment.

Prepare Bank reconciliation statement as on 31.07.15

Solution:

M/S XYZ LTD.				
BANK RECONCILIATION STATEMENT				
WITH STATE BANK OF INDIA AS ON 31.07.2015				
Balance as per books of M/s XYZ LTD. (Over Draft) (Cr.)				1591928.32
ADD: Cheques Deposited But Not Cleared				46354.00
DATE	CHEQUE NO.	PARTICULARS	AMOUNT	
30.07.15	861587	STAR ENTERPRISES	25834/=	
30.07.15	023699	GIFT HOUSE	20520/=	
		TOTAL	46354/=	
LESS: Cheques issued but not presented for payment				8356.00
DATE	CHEQUE NO.	PARTICULARS	AMOUNT	
22.07.15	386643	MTNL	356/=	
29.07.15	386645	MORNING PLACE	8000/=	
		TOTAL	8356/=	
BALANCE AS PER BANK STATEMENT				1629926.32