

8

BANK RECONCILIATION STATEMENTS

Bank reconciliation statements form the link between the balance at bank shown in the main cash book of a firm's book-keeping system and the balance shown on the bank statement received from the bank.

The reasons why the cash book and bank statement may differ are because:

- there are timing differences caused by:
 - unpresented cheques, ie the time delay between writing out (drawing) a cheque and recording it in the cash book, and the cheque being entered on the bank statement
 - outstanding lodgements, ie amounts paid into the bank, but not yet recorded on the bank statement
- the cash book has not been updated with items which appear on the bank statement and which should also appear in the cash book, eg bank charges

Assuming that there are no errors, both cash book and bank statement are correct, but need to be reconciled with each other, ie the closing balances need to be agreed.

TIMING DIFFERENCES

The two main timing differences between the bank columns of the main cash book and the bank statement are:

- **unpresented cheques**, ie cheques issued, not yet recorded on the bank statement
- **outstanding lodgements**, ie amounts paid into the bank, not yet recorded on the bank statement

The first of these – unpresented cheques – is caused because, when a cheque is written out, it is immediately entered on the payments side of the cash book, even though it may be some days before the cheque passes through the bank clearing system and is recorded on the bank statement. Therefore, for a few days at least, the cash book shows a lower balance than the bank statement in respect of this cheque. When the cheque is recorded on the bank statement, the difference will disappear. We have looked at only one cheque here, but a business will often be issuing many cheques each day, and the difference between the cash book balance and the bank statement balance may be considerable.

With the second timing difference – outstanding lodgements – the firm's cashier will record a receipt in the cash book as he or she prepares the bank paying-in slip. However, the receipt may not be recorded by the bank on the bank statement for a day or so, particularly if it is paid in late in the day (when the bank will put it into the next day's work), or if it is paid in at a bank branch other than the one at which the account is maintained. Until the receipt is recorded by the bank the cash book will show a higher bank account balance than the bank statement. Once the receipt is entered on the bank statement, the difference will disappear.

These two timing differences are involved in the calculation known as the bank reconciliation statement. The business cash book must not be altered for these because, as we have seen, they will correct themselves on the bank statement as time goes by.

UPDATING THE MAIN CASH BOOK

Besides the timing differences described above, there may be other differences between the bank columns of the cash book and the bank statement, and these do need to be entered in the main cash book to bring it up-to-date. For example, the bank might make an automatic standing order payment on behalf of a business – such an item is correctly debited by the bank, and it might be that the bank statement acts as a reminder to the business cashier of the payment: it should then be entered in the main cash book.

Examples of items that show in the bank statement and need to be entered in the main cash book include:

receipts

- credit transfers (BACS – Bankers Automated Clearing Services) amounts received by the bank, eg payments from debtors (customers)
- dividend amounts received by the bank
- interest credited by the bank

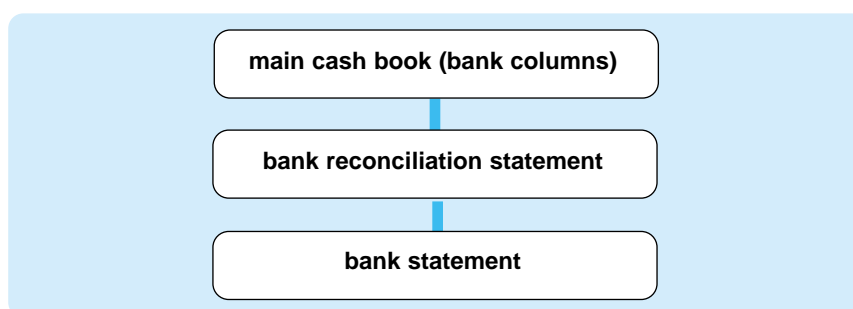
payments

- standing order and direct debit payments
- bank charges and interest
- unpaid cheques debited by the bank (ie cheques from debtors paid in by the business which have 'bounced' and are returned by the bank marked 'refer to drawer')

For each of these items, the cashier needs to check to see if they have been entered in the main cash book; if not, they need to be recorded (provided that the bank has not made an error). If the bank has made an error, it must be notified as soon as possible and the incorrect transactions reversed by the bank in its own accounting records.

THE BANK RECONCILIATION STATEMENT

This forms the link between the balances shown in the main cash book and the bank statement.



Upon receipt of a bank statement, reconciliation of the two balances is carried out in the following way:

- tick off the items that appear in both cash book and bank statement
- the unticked items on the bank statement are entered into the bank columns of the cash book to bring it up-to-date (provided none are errors made by the bank)
- the bank columns of the main cash book are now balanced to find the revised figure
- the remaining unticked items from the cash book will be the timing differences
- the timing differences are used to prepare the bank reconciliation statement, which takes the following format (with example figures):

XYZ TRADING LTD			
Bank Reconciliation Statement as at 31 October 20-1			
		£	£
Balance at bank as per cash book			525
<i>Add: unpresented cheques</i>			
J Lewis	cheque no. 0012378	60	
ABC Ltd	cheque no. 0012392	100	
Eastern Oil Company	cheque no. 0012407	<u>80</u>	
			<u>240</u>
			765
<i>Less: outstanding lodgements</i>		220	
		<u>300</u>	
Balance at bank as per bank statement			<u>520</u>
			<u>245</u>

Notes:

- The layout shown on the opposite page starts from the cash book balance, and works towards the bank statement balance. A common variation of this layout is to start with the bank statement balance and to work towards the cash book balance (see page 114).
- If a bank overdraft is involved, brackets should be used around the numbers to indicate this for the cash book or bank statement balance. The timing differences are still added or deducted, as appropriate.
- Once the bank reconciliation statement agrees, it should be filed because it proves that the cash book (bank columns) and bank statement were reconciled at a particular date. If, next time it is prepared, it fails to agree, the previous statement is proof that reconciliation was reached at that time.

WORKED EXAMPLE: BANK RECONCILIATION STATEMENT

The cashier of Severn Trading Co has written up the firm's main cash book for the month of February 20-2, as follows (the cheque number is shown against payments):

Dr		Cash Book				Cr			
Date	Details		Cash	Bank	Date	Details		Cash	Bank
20-2			£	£	20-2			£	£
1 Feb	Balances b/d		250.75	1,340.50	3 Feb	Appleton Ltd 123456			675.25
7 Feb	A Abbott			208.50	5 Feb	Wages		58.60	
10 Feb	Sales		145.25		12 Feb	Rent 123457			125.00
13 Feb	Sales		278.30		14 Feb	Transfer to bank	C	500.00	
14 Feb	Transfer from cash	C		500.00	17 Feb	D Smith & Co 123458			421.80
20 Feb	Sales		204.35		24 Feb	Stationery		75.50	
21 Feb	D Richards Limited			162.30	25 Feb	G Christie 123459			797.55
26 Feb	Sales		353.95		27 Feb	Transfer to bank	C	500.00	
27 Feb	Transfer from cash	C		500.00	28 Feb	Balances c/d		98.50	954.00
28 Feb	P Paul Limited			262.30					
			1,232.60	2,973.60				1,232.60	2,973.60
1 Mar	Balances b/d		98.50	954.00					

The cash balance of £98.50 shown by the cash columns on 1 March has been agreed with the cash held in the firm's cash box.

The bank statement for February 20-2, which has just been received, is shown on the next page.

		National Bank plc		
		Branch <u>Bartown</u>		
TITLE OF ACCOUNT <u>Severn Trading Company</u>				
ACCOUNT NUMBER <u>67812318</u>		STATEMENT NUMBER <u>45</u>		
DATE	PARTICULARS	PAYMENTS	RECEIPTS	BALANCE
20-2		£	£	£
1 Feb	Balance brought forward			1340.50 CR
8 Feb	Credit		208.50	1549.00 CR
10 Feb	Cheque no. 123456	675.25		873.75 CR
17 Feb	Credit		500.00	1373.75 CR
17 Feb	Cheque no. 123457	125.00		1248.75 CR
24 Feb	Credit		162.30	1411.05 CR
24 Feb	BACS credit: J Jarvis Ltd		100.00	1511.05 CR
26 Feb	Cheque no. 123458	421.80		1089.25 CR
26 Feb	Direct debit: A-Z Finance	150.00		939.25 CR
28 Feb	Credit		500.00	1439.25 CR
28 Feb	Bank charges	10.00		1429.25 CR

Note that the bank statement is prepared from the bank's viewpoint: thus a credit balance shows that the customer is a creditor of the bank, ie the bank owes the balance to the customer. In the customer's own cash book, the bank is shown as a debit balance, ie an asset.

As the month-end balance at bank shown by the cash book, £954.00, is not the same as that shown by the bank statement, £1,429.25, it is necessary to prepare a bank reconciliation statement. The steps are:

- 1 Tick off the items that appear in both cash book and bank statement.
- 2 The unticked items on the bank statement are entered into the bank columns of the cash book to bring it up-to-date. These are:
 - receipt 24 Feb BACS credit, J Jarvis Limited £100.00
 - payments 26 Feb Direct debit, A-Z Finance £150.00
 - 28 Feb Bank Charges, £10.00

In double-entry book-keeping, the other part of the transaction will need to be recorded in the accounts, eg in J Jarvis Ltd's account in the sales ledger, etc.

- 3 The cash book is now balanced to find the revised balance:

Dr	Cash Book (bank columns)		Cr
20-2		£	20-2
	Balance b/d	954.00	26 Feb A-Z Finance
24 Feb	J Jarvis Ltd	100.00	28 Feb Bank Charges
			28 Feb Balance c/d
		<u>1,054.00</u>	
1 Mar	Balance b/d	<u>894.00</u>	
			<u>1,054.00</u>

- 4 The remaining unticked items from the cash book are used in the bank reconciliation statement:
- receipt 28 Feb – P Paul Limited £262.30
 - payment 25 Feb – G Christie (cheque no 123459) £797.55
- These items are timing differences, which should appear on next month's bank statement.
- 5 The bank reconciliation statement is now prepared, starting with the re-calculated cash book balance of £894.00.

SEVERN TRADING CO.	
Bank Reconciliation Statement as at 28 February 20-2	
	£
Balance at bank as per cash book	894.00
<i>Add:</i> unrepresented cheque, no. 123459	797.55
	<u>1,691.55</u>
<i>Less:</i> outstanding lodgement, P Paul Limited	262.30
Balance at bank as per bank statement	<u>1,429.25</u>

With the above, a statement has been produced which starts with the amended balance from the cash book, and finishes with the bank statement balance, ie the two figures are reconciled.

Notes:

- The unrepresented cheque is added back to the cash book balance because, until it is recorded by the bank, the cash book shows a lower balance than the bank statement.
- The outstanding lodgement is deducted from the cash book balance because, until it is recorded by the bank, the cash book shows a higher balance than the bank statement.

PREPARING A BANK RECONCILIATION STATEMENT

In order to help you with the questions at the end of the chapter, here is a step-by-step summary of the procedure. Reconciliation of the cash book balance with that shown in the bank statement should be carried out in the following way:

- 1 From the bank columns of the main cash book tick off, in both cash book and bank statement, the receipts that appear in both.
- 2 From the bank columns of the main cash book tick off, in both cash book and bank statement, the payments that appear in both.
- 3 Identify the items that are unticked on the bank statement and enter them in the cash book on the debit or credit side, as appropriate. If, however, the bank has made a mistake and debited or credited an amount in error, this should not be entered in the cash book, but should be notified to the bank for them to make the correction. The amount will need to be entered on the bank reconciliation statement – see section below, dealing with unusual items on bank statements: bank errors.

- 4 The bank columns of the cash book are now balanced to find the up-to-date balance.
- 5 Start the bank reconciliation statement with the balance brought down figure shown in the cash book.
- 6 In the bank reconciliation statement add the unticked payments shown in the cash book – these will be unpresented cheques.
- 7 In the bank reconciliation statement, deduct the unticked receipts shown in the cash book – these are outstanding lodgements.
- 8 The resultant money amount on the bank reconciliation statement is the balance of the bank statement.

The layout which is often used for the bank reconciliation statement is that shown on page 110. The layout starts with the cash book balance and finishes with the bank statement balance. However, there is no reason why it should not commence with the bank statement balance and finish with the cash book balance. With this layout it is necessary to:

- deduct unpresented cheques
- add outstanding lodgements

The bank reconciliation statement of Severn Trading Company (see previous page) would then appear as:

SEVERN TRADING COMPANY	
Bank Reconciliation Statement as at 28 February 20-2	
	£
Balance at bank as per bank statement	1,429.25
Less: unpresented cheque, no 123459	<u>797.55</u>
	631.70
Add: outstanding lodgement, P Paul Limited	<u>262.30</u>
Balance at bank as per cash book	<u>894.00</u>

DEALING WITH UNUSUAL ITEMS ON BANK STATEMENTS

The following are some of the unusual features that may occur on bank statements. As with other accounting discrepancies and queries, where they cannot be resolved they should be referred to a supervisor for guidance.

out-of-date cheques

These are cheques that are more than six months' old. Where a business has a number of out-of-date – or 'stale' – cheques which have not been debited on the bank statement, they will continue to appear on the bank reconciliation statement. As the bank will not pay these cheques, they can be written back in the cash book, ie debit cash book (and credit the other double-entry account involved).

returned cheques

A cheque received by a business is entered as a receipt in the cash book and then paid into the bank, but it may be returned ('bounced') by the drawer's bank because:

- the drawer (the issuer) has instructed the bank to 'stop' the cheque
- the cheque has been returned by the bank, either because the drawer has no money (a 'dishonoured' cheque) or because there is a technical problem with the cheque, eg it is not signed

A cheque returned ('bounced') in this way should be entered in the book-keeping system:

- as a payment in the cash book on the credit side
- as a debit to the debtor's account in the sales ledger (if it is a credit sale), or sales account if it is a cash sale

bank errors

Errors made by the bank can include:

- A cheque deducted from the bank account which has not been issued by the business – look for a cheque number on the bank statement that is different from the current cheque series. Care should be taken, however, as it could be a cheque from an old cheque book.
- A BACS payment (or other credit) shown on the bank statement for which the business is not the correct recipient. If in doubt, the bank will be able to give further details of the sender of the credit.
- Standing orders and direct debits paid at the wrong time or for the wrong amounts. A copy of all standing order and direct debit mandates sent to the bank should be kept by the business for reference purposes.

When an error is found, it should be queried immediately with the bank. The item and amount should not be entered in the firm's cash book until the issue has been resolved. If, in the meantime, a bank reconciliation statement is to be prepared, the bank error should be shown separately:

- if working from the cash book balance to the bank statement balance, deduct payments and add receipts that the bank has applied to the account incorrectly
- if working from the bank statement balance to the cash book balance, add payments and deduct receipts that the bank has applied to the account incorrectly

bank charges and interest

From time-to-time the bank will debit business customers' accounts with an amount for:

- service charges, ie the cost of operating the bank account
- interest, ie the borrowing cost when the business is overdrawn

Banks usually notify customers in writing before debiting the account.

reconciliation of opening cash book and bank statement balances

If you look back to the example on page 111, you will see that both the cash book (bank columns) and the bank statement balance both started the month with the same balance: 1 February 20-2 £1,340.50.

In reality, it is unlikely that the opening cash book and bank statement balances will be the same. It will be necessary, in these circumstances, to prepare an opening bank reconciliation statement in order to prove that there are no errors between cash book and bank statement at the start of the month.

This is set out in the same format as the end-of-month bank reconciliation statement, and is best prepared immediately after ticking off the items that appear in both cash book and bank statement. The earliest unrepresented cheques drawn and outstanding lodgements will comprise the opening bank reconciliation statement. Of course, where last month's bank reconciliation statement is available, such as in business, there is no need to prepare an opening reconciliation.

In your AS examination there will be no need to prepare a formal opening bank reconciliation statement, unless the question calls for one. Any discrepancy in opening balances can be resolved quickly by checking the bank statement for the earliest receipts and payments.

IMPORTANCE OF BANK RECONCILIATION STATEMENTS

- A bank reconciliation statement is important because, in its preparation, the transactions in the bank columns of the main cash book are compared with those recorded on the bank statement. In this way, any errors in the cash book or bank statement will be found and can be corrected (or advised to the bank, if the bank statement is wrong).
- The bank statement is an independent accounting record, therefore it will assist in deterring fraud by providing a means of verifying the cash book balance.
- By writing the cash book up-to-date, the organisation has an amended figure for the bank balance to be shown in the trial balance.
- Unpresented cheques over six months old – out-of-date cheques – can be identified and written back in the cash book (any cheque dated more than six months' ago will not be paid by the bank).
- It is good practice to prepare a bank reconciliation statement each time a bank statement is received. The reconciliation statement should be prepared as quickly as possible so that any queries – either with the bank statement or in the firm's cash book – can be resolved. Many firms will specify to their accounting staff the timescales for preparing bank reconciliation statements – as a guideline, if the bank statement is received weekly, then the reconciliation statement should be prepared within five working days.

CHAPTER SUMMARY

- A bank reconciliation statement is used to agree the balance shown by the bank columns of the main cash book with that shown by the bank statement.
- Certain differences between the two are timing differences. The main timing differences are:
 - unpresented cheques
 - outstanding lodgements

These differences will be corrected by time and, most probably, will be recorded on the next bank statement.
- Certain differences appearing on the bank statement need to be entered in the cash book to bring it up-to-date. These include:

Receipts	–	credit transfers (BACS) amounts received by the bank
	–	dividend amounts received by the bank
	–	interest credited by the bank
Payments	–	standing order and direct debit payments
	–	bank charges and interest
	–	unpaid cheques debited by the bank
- The bank reconciliation statement makes use of the timing differences.
- Once prepared, a bank reconciliation statement is proof that the bank statement and the cash book (bank columns) were agreed at a particular date.

In the next chapter we will see how the general journal is used as a subsidiary book, including recording the book-keeping transfers to correct errors.

QUESTIONS

An asterisk (*) after the question number means that the answer is given at the end of this book.

visit
www.osbornebooks.co.uk
 to take an online test

8.1*

The bank columns of Tom Reid's cash book for December 20-7 are as follows:

20-7	<i>Receipts</i>	£	20-7	<i>Payments</i>	£
1 Dec	Balance b/d	280	9 Dec	W Smith	345123
12 Dec	P Jones	30	12 Dec	Rent	345124
18 Dec	H Homer	72	18 Dec	Wages	345125
29 Dec	J Hill	13	19 Dec	B Kay	345126
		395	31 Dec	Balance c/d	200
		395			395

He then received his bank statement which showed the following transactions for December 20-7:

BANK STATEMENT				
		<i>Payments</i>	<i>Receipts</i>	<i>Balance</i>
20-7		£	£	£
1 Dec	Balance brought forward			280 CR
12 Dec	Credit		30	310 CR
15 Dec	Cheque no. 345123	40		270 CR
17 Dec	Cheque no. 345124	50		220 CR
22 Dec	Credit		72	292 CR
23 Dec	Cheque no. 345125	85		207 CR

You are to prepare a bank reconciliation statement which agrees with the bank statement balance.

8.2

The bank columns of P Gerrard's cash book for January 20-7 are as follows:

20-7	<i>Receipts</i>	£	20-7	<i>Payments</i>	£
1 Jan	Balance b/d	800.50	2 Jan	A Arthur Ltd 001351	100.00
6 Jan	J Baker	495.60	10 Jan	C Curtis 001352	398.50
31 Jan	G Shotton Ltd	335.75	13 Jan	Donald & Co 001353	229.70
			14 Jan	Bryant & Sons 001354	312.00
			23 Jan	P Reid 001355	176.50
			31 Jan	Balance c/d	415.15
		<u>1,631.85</u>			<u>1,631.85</u>

He received his bank statement which showed the following transactions for January 20-7:

BANK STATEMENT				
		<i>Payments</i>	<i>Receipts</i>	<i>Balance</i>
20-7		£	£	£
1 Jan	Balance brought forward			800.50 CR
6 Jan	Cheque no. 001351	100.00		700.50 CR
6 Jan	Credit		495.60	1,196.10 CR
13 Jan	BACS credit: T K Supplies		716.50	1,912.60 CR
20 Jan	Cheque no. 001352	398.50		1,514.10 CR
23 Jan	Direct debit: Omni Finance	207.95		1,306.15 CR
24 Jan	Cheque no. 001353	229.70		1,076.45 CR

8.3

You are to:

- (a) write the cash book up-to-date at 31 January 20-7
- (b) prepare a bank reconciliation statement at 31 January 20-7

The bank columns of Jane Doyle's cash book for May 20-7 are as follows:

20-7	Receipts	£	20-7	Payments	£
1 May	Balance b/d	300	2 May	P Stone	867714
7 May	Cash	162	14 May	Alpha Ltd	867715
16 May	C Brewster	89	29 May	E Deakin	867716
23 May	Cash	60			
30 May	Cash	40			

She received her bank statement which showed the following transactions for May 20-7:

BANK STATEMENT				
		<i>Payments</i>	<i>Receipts</i>	<i>Balance</i>
20-7		£	£	£
1 May	Balance brought forward			400 CR
2 May	Cheque no 867713	100		300 CR
5 May	Cheque no. 867714	28		272 CR
7 May	Credit		162	434 CR
16 May	Standing order: A-Z Insurance	25		409 CR
19 May	Credit		89	498 CR
20 May	Cheque no. 867715	50		448 CR
26 May	Credit		60	508 CR
31 May	Bank Charges	10		498 CR

You are to:

- (a) write the cash book up-to-date at 31 May 20-7
- (b) prepare a bank reconciliation statement at 31 May 20-7

8.4*

On 4 June Milestone Motors received a bank statement which showed the following transactions for May 20-4:

BANK STATEMENT		Paid out	Paid in	Balance
20-4		£	£	£
1 May	Balance brought forward			3,652 C
10 May	Cheque no 451762	751		2,901 C
11 May	Cheque no 451763	268		2,633 C
13 May	Cheque no 451765	1,045		1,588 C
14 May	BACS credit: Perran Taxis		2,596	4,184 C
18 May	Direct debit: Wyvern Council	198		3,986 C
20 May	Direct debit: A1 Insurance	1,005		2,981 C
25 May	Direct debit: Okaro and Company	254		2,727 C
25 May	Bank charges	20		2,707 C

D = Debit C = Credit

The cash book of Milestone Motors as at 31 May 20-4 is shown below:

CASH BOOK

Date	Details	Bank	Date	Cheque no	Details	Bank
20-4		£	20-4			£
1 May	Balance b/f	3,652	4 May	451762	Smith and Company	751
26 May	J Ackland	832	4 May	451763	Bryant Limited	268
28 May	Stamp Limited	1,119	7 May	451764	Curtis Cars	1,895
			7 May	451765	Parts Supplies	1,045

You are to:

- (a) check the items on the bank statement against the items in the cash book
- (b) update the cash book as needed
- (c) total the cash book and show clearly the balance carried down at 31 May and brought down at 1 June
- (d) prepare a bank reconciliation statement at 31 May 20-4 which agrees the bank statement balance with the cash book balance

8.5

When reconciling bank statements the adjustments will include entries in the cash book for standing orders, direct debits and credit transfers.

REQUIRED

(a) Explain what each of these terms means and whether they will be **debited** or **credited** to the bank account in the business's books.

(i) Standing orders

.....

(ii) Direct debits

.....

(iii) Credit transfers

.....

The bank statement received by A Smith and Co shows a debit balance of £600 at 31 March 2001. The accountant checks it against the cash book and makes the following discoveries:

- (1) The bank statement shows the following items **not** shown in the cash book:
- a standing order for £230 in favour of Planet Insurance;
 - a direct debit payable to Electric Supplies £420;
 - a credit transfer has been received from The Best Co for £540;
 - a cheque for £265 is debited on the bank statement, which A Smith and Co are querying;
 - bank charges of £46 have been levied.
- (2) The cash book has an overdrawn balance of £378 and shows the following items **not** shown on the bank statement:
- unpresented cheques amounting to £469;
 - uncleared bankings of £270.

REQUIRED

- (b) Make any necessary entries in the cash book.

Dr	Cash Book – Bank Account		Cr
	£		£

- (c) Prepare a bank reconciliation as at 31 March 2001.

Assessment and Qualifications Alliance (AQA), 2001

8.6*

Kingdom Carpet Fitters received a bank statement showing the following transactions in their account during December 2005.

Bank Statement

Date	Details	Dr £	Cr £	Balance £
Dec 1	Balance			430 Cr
6	Cheque to F Banks	250		180 Cr
7	Cash and cheques paid in		380	560 Cr
12	Standing order: British Gas	200		360 Cr
18	Credit transfer from J Ball		240	600 Cr
22	Cash and cheques paid in		300	900 Cr
23	Cheque to H Wilton	470		430 Cr
30	Bank charges	20		410 Cr
30	Dishonoured cheque: B Brown	150		260 Cr

REQUIRED

- (a) Update the cash book below with the relevant items from the bank statement, and bring down the balance at the end of the month.

Dr		Cash Book			Cr	
Date	Details	£	Date	Details	£	
Dec 1	Balance b/d	430	Dec 2	F Banks	250	
7	Sales banked	380	18	H Wilton	470	
22	Sales banked	300	29	M Wall	140	
31	Sales banked	560	30	Wages	100	

- (b) Prepare a bank reconciliation statement as at 31 December 2005.
- (c) Explain the term 'dishonoured cheque' shown in the bank statement.

Assessment and Qualifications Alliance (AQA), 2006

8.7

On the next page there is a bank statement for the month of November 2003 which has been received by James Jolly and Co. A junior clerk has checked the cash against the bank statement, and has ticked (✓) the items that appear in both.

REQUIRED

- (a) Update the following cash book on 30 November with any necessary entries and calculate the new balance.

Cash Book						
Date 2003	Details	Bank £ p	Date 2003	Details	Cheque number	Bank £ p
Nov 1	Balance b/d	2,459.35	Nov 1	Banks Ltd	11346	134.37 ✓
Nov 3	Toys for You	234.00 ✓	Nov 1	Books & Paints	11347	276.89 ✓
Nov 5	B J Patel	3,219.00 ✓	Nov 10	Wages	11348	92.50 ✓
Nov 5	Dolls & Things	1,142.00 ✓	Nov 12	Jones and Son	11349	3,781.95 ✓
Nov 23	J A Smith Ltd	560.00 ✓	Nov 23	Smith and Son	11350	139.43 ✓
Nov 26	Cash banked	340.00	Nov 25	HGF Finance	11351	256.00
			Nov 25	Toy Designs	11352	1,245.98
			Nov 30	Balance c/d		2,027.23
		7,954.35				7,954.35
Nov 30	Balance b/d	2,027.23				

WESTBANK LTD 27-43-56				
WESTTOWN BRANCH			Account 4569823	
James Jolly and Co				
STATEMENT OF ACCOUNT				
Date	Details	Payments	Receipts	Balance
2003		£	£	£
Nov 1	Balance b/f			2,659.35
2	Cheque 345	200.00 ✓		2,459.35
3	Counter credit		234.00 ✓	2,693.35
4	Cheque 346	134.37 ✓		2,558.98
4	Cheque 347	276.89 ✓		2,282.09
5	Counter credit		4,361.00 ✓	6,643.09
9	Cr. tfr. J Black Ltd		246.98	6,890.07
12	s/o Business rates	547.90		6,342.17
15	Cheque 349	3,781.95 ✓		2,560.22
18	s/o Proper Ins Co	145.65		2,414.57
23	Counter credit		560.00 ✓	2,974.57
23	Bank charges	45.89		2,928.68
27	Cheque 350	139.43 ✓		2,789.25
27	Cheque 348	92.50 ✓		2,696.75

Note:
Cr. tfr. = credit transfer
s/o = standing order

- (b) Prepare a bank reconciliation statement as at 30 November 2003.