



Reconciling Accounts

You have probably, at some time checked through your bank statement — ticking off items of expenditure and receipts. You have probably also checked your transactions to find out which ones have not appeared on your statement and which items on your statement are not accounted for. You have? Well that's Reconciliation!

| Nation Rock Solid La 15 Martin Lar | nal Direct 4 16 Lockington, B | A12-6/L | ST/ | Current Acco | Nant 95438807 F ACCOUNT 5454p97 No. 24 |
|--|---|---|------------------------|--|---|
| Detail | is . | Payments | Receipts | Date | Balance |
| BALANCE FO Crudit | RWARD 100167 100504 100505 100168 100505 100506 100506 | 3220.50 231.67 165.62 130.00 250.00 | √ 1536.27 √ 4046.23 | 1997 14Aug 22Aug 25Aug 29Aug 45ap 115ap 125ap | 8524.13 10060.40 6839.90 6408.23 10654.46 10498.84 10108.84 |

This chapter examines **reconciliation** — or verifying that the balance of an account agrees with an independent calculation of that balance.

You can reconcile any account in the General Ledger

Reconciliation

but for auditing purposes, the most useful reconciliation is checking that the balance of your Current Account agrees with the balance shown on the statements issued by the Bank.

Your bank statement and the Current Account balance in your accounts will seldom agree and it is important to know what items make up the difference.

Bottom Line's reconciliation facility consists of two columns of dates and figures...

- A list of recent credit and debit items in the General Ledger account the Account Transactions.
- A list of recent (matching) entries from your bank statement the **Statement Transactions**.

The entries in one column can be matched against those in the other. The interesting items are those which appear in one column only — usually missing from the Statement Transactions.

In Bottom Line, the process starts when you set up a reconciliation account for the first time so that the Statement Transactions' balance matches the bank statement's balance. You may have to enter some missing, un-reconciled items to achieve this initial balance.

Reconciliation in practice

Having manually identified the un-reconciled items and once the account list and bank statement reflect the
 correct reconciliation, you are ready to start using the facility.

| Reconciliation I | | | | | | |
|---|-----------|-------------|-----------|-------------|---|---|
| Reconciliation for: 16100 Current Account Items which correspond in | | | Reconc | iliation | | |
| both column are ticked. | Accour | nt Record | Stat | ement | | |
| | Date | Transaction | Date | Transaction | 1 | I |
| Balance Brought Forward: | | 8,524.13 | | 8,524.13 | 1 | I |
| Sales receipt 100167 | 18-Aug-97 | 1,536.27 | 22-Aug-97 | 1,536.27 | ŵ | |
| 🖌 Payment Cq 504 | 18-Aug-97 | (3,220.50) | 25-Aug-97 | (3,220.50) | | |
| 🖌 Payment Cq 505 | 21-Aug-97 | (231.67) | 29-Aug-97 | (231.67) | | I |
| 🖌 SL Receipt 100168 | 1-Sep-97 | 4,046.23 | 4-Sep-97 | 4,046.23 | | I |
| PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | 12-Sep-97 | (130.00) | | |
| PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | 11-Sep-97 | (165.62) | | |
| PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | 12sep97 | (250.00) | | |
| PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | | | |
| SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | | 문 | l |
| | | 11.386.99 | | 10,108,84 | | 1 |

In this example, the missing (un-reconciled) account items explain the difference between the account's current balance of £11,386.99 and the bank statement balance of £10,108.84.

Un-ticked items in the reconciliation list may include...

Unreconciled examples

- Cheques which you have paid into the Bank but which have not yet been credited to your account.
- Cheques which you have issued but which have not yet been presented to the Bank for payment.
- Later, when you have checked your bank statements, you may end up with un-ticked items on the statement side these may include...
- Transactions which the Bank has passed directly to your account such as interest earned, bank charges and fees and which you may not have entered into your accounts.
- Cheques paid into the Bank but which have since been returned dishonoured.
- It is the un-ticked items that highlight the differences between the current balance in your accounts and the current
 balance on your bank statement. These differences are then used for verification.
- At the same time, the reconciliation process exposes any **invalid** reasons for the difference such as bookkeeping errors or mistakes made by the bank — and the necessary steps can then be taken to rectify those errors.

Creating a Reconciliation Account

In the following sections, we use a worked example to illustrate the steps involved in setting up and maintaining a bank reconciliation account.

You can, of course, use the same principles outlined in this chapter to reconcile other General Ledger accounts — for example, High Interest, Petty Cash or Credit Card accounts it is also a good idea to reconcile your VAT account to ensure that the General Ledger VAT Account(s) are in line with the <u>Detailed VAT Records</u>.

Before creating a new account reconciliation, you should ensure that the account is up-to-date in Bottom Line. This means...

- Post all <u>Journals</u> and adjustments to date.
- Post the current <u>customer transactions</u> and <u>supplier</u> <u>transactions</u> from the Sales and Purchase Ledgers to the General Ledger.
- Do a manual reconciliation of the account. If this is your current account, go through your cheque stubs and locate items that have never appeared on your bank statements.

The next step is to select the General Ledger account that you want to reconcile like this...



Double click the Reconciliation icon on the Bottom Line desktop then, when the following dialogue appears, click the New button...



Locate and click the General Ledger account that you want to reconcile then click the Add button.

You can now open the account as shown over...

Reconciling an account for the first time

Opening an account reconciliation



| Reconciliation | B |
|---------------------------------|-------------------------|
| Select Reconciliation Account : | |
| 16100 Current Account | New Remaue Cancel |

When you first open a reconciliation account you will see a list of all the debits and credits currently held in the General Ledger for that account and the date on which they were posted as in the example <u>over the</u> <u>page</u>.

The **Statement** list is preset to blank.

Drawing a blank

If you have just cleared the Transaction List, you will be greeted with an empty Reconciliation window — but don't worry ! You will see that it is a simple matter to add items into the list on either side of the reconciliation.

You are now able to <u>examine the initial figures</u> on the reconciliation table...

The Account Record column initially includes the **Balance Brought Forward** amount from the General Ledger account.



At the end of the list, the **Balance Carried Forward** ^I shows the current balance of the account — this figure will always equal the balance in your account.

Monies **debited to** the Current Account are shown as positive amounts representing the **Receipts** which have been paid into your bank account.

Now check this initial list against your bank statement.

As mentioned earlier, the current bank balance according to the accounts seldom agrees with the current balance on your bank statement <u>since</u>...

95436807

14Sep97 No. 24

Balance

8524.13

10060.40

6839.90

6608.23

10654.46

10498.84

10108.84

The Current Account includes payments and receipts which have not yet been Current Account **National Direct** cleared by the Bank. STATEMENT OF ACCOUNT The bank statement may include items — Rock Solid Ltd. 15 Merlin Lane, Lockington, BA12 6IL such as interest earned, bank charges or fees — which the Bank has automatically Details Payments Receipts Date paid into or deducted from your account. 1997 BALANCE FORWARD 14Aug 100167 1536.27 22Aug Credit 3220.50 100504 25Aug Items which have been posted to 231.67 29Aug 100505 the account and also appear on Credit 100168 4046.23 4540 100507 165.62 11Sep the bank statement. 130.00 12540 100506 250.00 100508 Reconciliation Reconciliation for: Items which have already been Reconciliation cleared from the accounts. 16100 Current Account Account Record Statement Transaction Date Transaction Date Balance Brought Forward: 6,608.23 6,608.23 SL Receipt 100168 1-Sep-97 4,046.23 PL247 Payment Cq 506 4-Sep-97 (130.00PL248 Payment Cq 507 4-Sep-97 (165.62 PL249 Payment Cq 508 (250.00)4-Sep-97 Items which do not appear on PL250 Payment Cq 509 8-Sep-97 (1,342.67)the bank statement. SL Receipt 100169 11-Sep-97 2,620.82 Balance Carried Forward: 11,386.99 6,608.23 + - 1 \$B Save Close 4 Icnore

0

3

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Q.



Adding bank statement items

Before going any further, you should check through the bank statement for items which have not yet been entered into the accounts. If you find any, close the Reconciliation window in the usual way and enter the item(s) into the accounts. On re-opening the Reconciliation window, Bottom Line will have added the newly posted items to the list.



Only a copy

At this stage it is important to realise that the figures in the reconciliation list are only copies of the figures in the actual account. Any changes, additions or deletions that you make to a reconciliation list will not be passed back to the real accounts.

Notice also that, in the <u>above example</u>, the statement from your bank includes transactions which have already been cleared from the account. However, the Balance Brought Forward figure will reflect them.

Furthermore, there may also be items which have been cleared from the account but have still not appeared on a statement. Evidence of these missing transactions will have come to light amongst your cheque book stubs...



Before you attempt to reconcile the two closing balances, you should first

ensure that the opening balances agree. This means adding any missing transactions so that the transaction history is brought into line with the initial bank statement as described <u>overleaf</u>.

| Natio | nal Direct | | STA | Current Acc | ount 95438807 DF ACCOUNT |
|--------------------------------|-------------------------------------|-------------------|----------|--|---|
| Rock Solid Lt 15 Merlin Lar | d. ne, Lockington, B | A12 6JL. | | | 14Sep97 No. 24 |
| Detai | ls | Payments | Receipts | Date | Balance |
| BALANCE FC Credit | RWARD 100167 100504 100505 | 3220.50 231.67 | 1536.27 | 1997 14Aug 22Aug 25Aug 29Aug | 8524.13 10060.40 6839.90 6608.23 |
| | 100303 | 231.67 | | 1 29/4/2 1 | 6608.23 |

In our <u>example</u>, the bank statement includes three entries which have been entered into Bottom Line but have since been cleared from the Transaction List so they do not appear in the list. What you can do now is add them to the reconciliation list. Don't forget that, according to your cheque book stubs, you may also need to add transactions which have been cleared from the accounts but which have not appeared on the current bank statement.

Referring to your bank statement and cheque book, add the missing transactions, one by one <u>like this...</u>

| | | Recon | ciliation 📃 | | | |
|------------------------|--|----------------|----------------------------------|------|-----------------------|----|
| reconciliation item | Reconciliation for: 16100 Current Account | Reconciliation | | | | |
| | | Accour | t Record | Sta | tement |] |
| | | Date | Transaction | Date | Transaction | 1 |
| | Balance Brought Forward: | | 6,608.23 | | 6,608.23 | 1 |
| | SL Receipt 100168 | 1-Sep-97 | 4,046.23 | | | A) |
| | PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | | | |
| | PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | | | |
| | PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | | | |
| | PL250 Payment Cq 509 | 8-Sep-97 | (1,842.67) | | | |
| | SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | | |
| | 🖌 New Entry | 2-0ct-97 | ed al series and a series of the | | a 2003/02/02/02/02/02 | ÷ |
| | Balance Carried Forward: | | 11,386.99 | | 6,608.23 | |

Complete the new entry like this...

Ξ.

| - | Sales receipt | 100167 | 18-Aug-97 | 1,536.27 | | |
|-----------------|--|--|--|--|---|--|
| 9 | | | | | | |
| CI ce te: | ick inside the description Il then replace the preset xt with a description of the ansaction. | Tab to or click in cell then enter th which the transa | iside the Date ne date on action was | Tab to or clic enter the val as a negativ as a positive | ck inside the Tr lue of the trans e amount (ban amount (bank | ransaction cell to saction — either sk payments) or creceipts). |

Matching up the balance brought forward

Bear in mind that when you add account records to the Reconciliation window, it does not mean that you are cooking the books! The transaction details that you enter here only affect the Reconciliation listing — they are not posted to the actual account and, therefore, do not affect the account's current balance.

| AFTER | | Account Record | | 🖌 Statement | | | Consequently, if you compare | | |
|-------|--|-------------------------|-------------|---------------------------------|---|---|------------------------------|--|---|
| • | | Date | Transaction | Jate | Transac | tion | our sample re | econci | liation |
| | Balance Brought Forward: | | 8,524.13 | 7 | 8,52 | 4.13 | before and af | ter the | addition of |
| | SL Receipt 100168 | 1-Sep-97 | 4,046.23 | | | ÷ | | | · |
| | PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | | | | the historic tr | ansac | tions, <u>you</u> |
| 1 | PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | | | | will see | | |
| | PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | | | | | | |
| 1 L. | PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | | 8 | | | |
| | SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | | | | | |
| | Sales receipt 100167 | 18-Aug-97 | 1,536.27 | | | | | | |
| | Payment Cq 504 | 18-Aug-97 | (3,220.50) | | | 2 | | | |
| ۱L | Payment Cq 505 | 21-Aug-97 | (231.67) | | | | | | |
| | Balance Carried Forward: | | 11,386.99 | | | | 4 | Current Ar | ccount 95438807 |
| | reviously cleared items | Current ba | lance | Rock Solid Lte 15 Merlin Lan | 1. e, Lockington, B | A126JL | STA' | TEMENT | OF ACCOUNT 145ep97 No. 24 |
| | | tomoine ou | | Detail | 5 | Payments | Receipts | Date | Balance |
| | dded dack to the list. | whatever y the list. | iou add to | BALANCE FO Credit | RWARD 100167 100504 100505 100168 100507 100506 100508 | 2220.54 231.47 145.42 130.00 250.00 | 1536.27 4046.23 | 1997 14Aug 22Aug 25Aug 29Aug 45ep 115ep 125ep | 8524.13 10060.40 6439.90 6468.23 10654.46 10488.84 10488.84 |

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Adjusting the Balance Brought Forward



- The account's Balance Carried Forward has not changed.
- Bottom Line has adjusted the account's Balance Brought Forward figure (the sum total of previously cleared transactions) to reflect the value of the missing historic transactions that you have just added back into the list. The Balance Brought Forward for the account, in turn, becomes the Balance Brought Forward for the statement.
- This figure matches the opening balance shown on your bank statement signifying that the account transactions and bank statement are starting from the same datum.

Re-organising Transactions

Having added the required historic transactions, you may want to change the order in which the account records are listed — for example, to match the order in which they appear on the bank statement.

You can re-position an account transaction using the OPTION key and mouse like this...

| d Sales receipt 100167 | 18-Aug-97 | 1,536.27 | |
|------------------------|-----------|----------|---|
| | | | - |



EITHER: Position the mouse pointer over the item that you want to move then hold down the Option key.

Notice that the pointer changes to this:

y. ter

While holding down the

Option key, click and drag

the pointer to the item's new position in the list — then release the mouse button.

The selected item moves to its new position.



...select either the Move Up or Move Down commands from the Reconciliation menu.

| Balance Brought Forward: | | 8,524.13 | | 8,524.13 |
|--------------------------|-----------|------------|------------|-------------------|
| SL Receipt 100168 | 1-Sep-97 | 4,046.23 | | |
| PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | | |
| PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | | |
| PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | | |
| PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | |
| SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | |
| Sales receipt 100167 | 18-Aug-97 | 1,536.27 | NURRENORM. | Contrastantes and |
| Payment Cq 504 | 18-Aug-97 | (8,220.50) | | |
| Payment Cq 505 | 21-Aug-97 | (231.67) | | |
| Balance Carried Forward: | | 11,386.99 | | 8,524.13 |



Reconciling Account Records

Having recreated the missing history and organised the account records in the required order, you can begin reconciling items against the bank statement. To do this...

For each payment or receipt listed on the bank statement, locate the matching transaction entry in the reconciliation list. Once matched, reconcile the account record like this...

| s |
|---------------|
| Check that |
| the bank's |
| figure |
| matches the |
| figure in the |
| accounts — |
| then double |
| click here to |
| reconcile the |
| entry |
| |

| Reconciliation for: 16100 Current Account | Recond | Credit | 100168 100507 100506 100508 | 4046 165.62 130.00 250.00 |
|--|-----------|-------------|--------------------------------------|------------------------------------|
| | Accour | nt Record | Stat | ement |
| | Date | Transaction | Date | Transaction |
| Balance Brought Forward: | | 8,524.13 | | 8,524.13 |
| Sales receipt 100167 | 18-Aug-97 | 1,536.27 | 22-Aug-97 | 1,536.27 |
| Payment Cq 504 | 18-Aug-97 | (3,220.50) | 25-Aug-97 | (3,220.50) |
| Payment Cq 505 | 21-Aug-97 | (231.67) | 29-Aug-97 | (231.67) |
| SL Receipt 100168 | 1-Sep-97 | 4,046.23 | 4-Sep-97 | 4,046.23 |
| PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | 12-Sep-97 | (130.00) |
| PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | 11-Sep-97 | (165.62) |
| PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | 12sep97 | (250.00) |
| PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | |
| SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | 0 |
| Balance Carried Forward: | | 11,386.99 | | 10,108.84 |

Current Account 95438907

STATEMENT OF ACCOUNT

Date

1997

14Aug

22Aug

25Aug

29Aug

Rock Solid LM 15 Merlin Lane, Lockington, BA12 6IL

100167

100504

Payments

3220.50

Receipts

1536.27

National Direct

Details

BALANCE FORWARD

Credit

Balance

8524.13

10060.40

6839.90

6608.23 1065446

145op97 No. 24

| | i i Sep i 2Sep | 10488.84 |
|----------------|-------------------|-------------|
| | then er. | nter the |
| S ¹ | tatemen | t date on |
| W | hich this | s amount |
| W | as paid | into or out |

otice that Bottom ne enters the Stateent amount for you d ticks the item to ow that it agrees — or **reconciles** — with the amount posted to the account. All you have to enter is the date on which this transaction was processed by the Bank.

Repeat this process until all items on the bank statement
 have been reconciled to the existing account records.

The Statement Reconciliation's Balance Carried Forward should now match the figure on the statement from the bank. If it does not match then you must search for the missing item(s) and add them until it does match.



More about reconciling account records

If you find that you have reconciled the wrong item, double click the reconciliation box again to remove the tick and the Statement amount entered for that item.

You can also reconcile an item by typing the bank statement date and amount directly into relevant entry boxes. If you enter a Statement amount that matches the Account Record amount then Bottom Line ticks the item for you, indicating that it is reconciled.



Spotting mistakes

There will be times when the value of an item on the bank statement **does not agree** with the amount posted to the account. In these circumstances, you should overwrite the pre-supplied Statement amount with that shown on the bank statement and Bottom Line automatically **un-reconciles** the item. The transaction then remains un-reconciled until the reason for the discrepancy has been identified.

If the error is your fault, close the reconciliation list then post the relevant adjustment to the accounts. On returning to the reconciliation window, the adjustment can then be <u>grouped</u> with the original transaction and reconciled as described later in the next section entitled <u>Maintaining a Reconciliation Account.</u>

If the Bank is the culprit, you should notify them of the error then await the relevant correction in the next bank statement.

The Final Reckoning

Each time you <u>'tick' an</u> <u>account record</u>, Bottom Line re-calculates the bank statement balance taking account of the statement amount entered. It works like this...

As you reconcile items, Bottom Line adds each statement amount entered to the statement's Balance Brought Forward figure to arrive at the statement's Balance Carried

...and, it is this figure which should eventually match the balance on your bank statement.



Chapter 17 - 17



National Direct

Rock Solid Ltd. 15 Merlin Lane, Lockington, BA12 6JL. Current Account 95438807

STATEMENT OF ACCOUNT

14Sep97 No. 24

| Detai | ils | Payments | Receipts | Date | Balance |
|------------|--------|----------|----------------|---------------|------------|
| BALANCE FO | DRWARD | | | 1997 14Aug | 8524.13 |
| Credit | 100167 | | 1536.27 | 22Aug | 10060.40 |
| | 100504 | 3220.50 | - | 25Aug | 6839.90 |
| | 100505 | 231.67 | | 29Aug | 6608.23 |
| Credit | 100168 | - | 4046.23 | 4Sep | 10654.46 |
| | 100507 | 165.62 | - | 1 ISep | 10488.84 |
| | 100506 | 130.00 | | 12Sep | |
| | 100508 | 250.00 | | | 10108.84 💙 |
| | | - | | | • |

Notice that, in the above example, two account items remain un-reconciled...

- A cheque for £1,342.67 which, according to the bank statement, has not yet been presented to the Bank for payment.
- A receipt for £2,620.82 which has not been cleared.

It is the un-reconciled items which form the basis of your reconciliation since it is these items which fully explain the difference between the account balance and the bank statement balance.

Generating a Reconciliation Report

Having completed the reconciliation, you should print a permanent copy for your audit records.

Do it like this...

| Reconciliation | Choose Reconciliation | |
|-----------------------|-------------------------------|--|
| Add Item | Report from the Recon- | |
| Delete Item | ciliation menu to display | |
| Group Items | this dialogue | |
| Move Up %U | Ğ | |
| Move Down %D | | |
| | Click Show un-reconciled | |
| Reconciliation Report | only to exclude all | |
| 1 | reconciled items from the | |
| | report then click OK to | |
| | display the <u>preview</u> on | |

screen...

| eport Options 🛛 👔 🛄 |
|---|
| Report date: 19-Sep-1997 |
| 🛛 All departments Department 🛛 No Depart 💌 |
| 🗌 Show zero balance accounts 🖂 Show Commas |
| Show Detail Show Pence |
| 🗋 Show last year's figures 🛛 🛛 Customer Invoice |
| Show this period 🗌 Delivery Notes |
| Show budget Copy Invoice |
| Show unreconciled only 🛛 Pre-Printed Form |
| Totalling : Normal 🔹 🗖 Headed Paper |
| Margins: Top 0.00 in Bottom 0.00 in |
| Cancel OK |

If you leave the **Show Un-reconciled Only** check box deselected, the program selects all items (reconciled and un-reconciled) for inclusion in the report and presents all the entries as they appear in the Reconciliation window.

| l Reconcilia | ition Report | | | |
|----------------------|--------------|-------------|------|------------------|
| Rock Solid Limited | | | | Date : 18-Sep-97 |
| Recond | iliation | | | |
| 16100 Curr | ent Acco | unt | | |
| | Account | Record | Sta | tement |
| Description | Date | Transaction | Date | Transaction |
| PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | |
| SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | |
| Unreconciled Totals | | 1,278.15 | | 000 |

Once you have previewed the report on screen, you can print it by choosing the Print command from the File menu in the usual Macintosh way.

On completion, click the close box in the top left corner of the Report window to return to the Reconciliation window.

Before you print...

If you are unfamiliar with the chooser or Page Setup, either turn to <u>Chapter 5</u> or to your Macintosh User's Guide for more information.

Saving a Reconciliation Account

Having completed your first reconciliation and printed the report, you can now save the information as shown here...

PL249 Payment Cq 508 4-Sep-97 (250.00)(1,342.67 PL250 Payment Cq 509 8-Sep-97 SL Receipt 100169 11-Sep-97 2,620.82 **Balance Carried Forward:** 11,386.99

Close 4 Save Ignore

Click Save to accept the information entered.

...OR, click **Ignore** to erase the un-saved changes.

...OR, click here to close the window. If any unsaved details are detected, you will see this alert...

2-Sep-97

11-Sep-97

12-Sep-97

(130.0

(165.62

(250.00)

10,108.84



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Behind the scenes

While the reconciliation window is closed, Bottom Line constantly updates the Reconciliation window to include all subsequent transactions posted to this account. When the next bank statement arrives, these new transactions can be reconciled as described in the next section.



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On saving, the Reconciliation window closes.

Maintaining a Reconciliation Account

Once you have set up and completed the initial reconciliation, all that remains is to carry out the routine task of updating and reconciling this account with each subsequent bank statement received — but, before you reconcile an account ensure that it is up-to-date. This means...

- Posting all <u>Journals</u> and adjustments to date.
- Posting the current <u>customer transactions</u> and <u>supplier transactions</u> from the Sales and Purchase Ledgers to the General Ledger.

Checking the bank statement for any un-posted items — bank charges, fees, direct debits or interest earned

— which the Bank has deducted or paid into your account. If you notice one of these items, use the <u>Journal</u> facility to post the amount to the relevant accounts.

Having done this, re-open the reconciliation account...



Reconciliation

From the Bottom Line desktop, double click the Reconciliation icon to open it.

Click the account that you want to reconcile then...



Click the Open button to display the updated Reconciliation window...

Notice that Bottom Line has maintained the Account Record entries by adding all transactions that have been posted to this account since the previous reconciliation was saved. All you have to do, is supply the bank statement entries as described in the previous section to <u>briefly recap</u>...

Reconciliation as you go

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Reconciliation

Reconciliation for:

16100 Current Account

| | Accour | nt Record | Stat | ement | 1 |
|---------------------------|-----------|-------------|-----------|-------------|---|
| | Date | Transaction | Date | Transaction | 1 |
| Balance Brought Forward: | | 8,524.13 | | 8,524.13 | 1 |
| Sales receipt 100167 | 22-Aug-97 | 1,536.27 | 22-Aug-97 | 1,536.27 | 0 |
| Payment Cq 504 | 18-Aug-97 | (3,220.50) | 25-Aug-97 | (3,220.50) | |
| Payment Cq 505 | 21-Aug-97 | (231.67) | 29-Aug-97 | (231.67) | 1 |
| SL Receipt 100168 | 1-Sep-97 | 4,046.23 | 4-Sep-97 | 4,046.23 | 1 |
| PL247 Payment Cq 506 | 4-Sep-97 | (130.00) | 12-Sep-97 | (130.00) | |
| PL248 Payment Cq 507 | 4-Sep-97 | (165.62) | 11-Sep-97 | (165.62) | |
| PL249 Payment Cq 508 | 4-Sep-97 | (250.00) | 12-Sep-97 | (250.00) | 1 |
| PL250 Payment Cq 509 | 8-Sep-97 | (1,342.67) | | | |
| SL Receipt 100169 | 11-Sep-97 | 2,620.82 | | | 1 |
| SL Receipt 100170 | 18-Sep-97 | 3,278.25 | | | 1 |
| SL Receipt 100170 | 18-Sep-97 | 260.74 | | | 1 |
| SL Receipt 100170 | 18-Sep-97 | 389.34 | | | 1 |
| PL251 Payment Cq 510 | 29-Sep-97 | (689.34) | | | 1 |
| J84 Bank interest charges | 29-Sep-97 | (60.23) | | | |
| PL252 Payment Cq 511 | 4-0ct-97 | (730.65) | | | 1 |
| PL253 Payment Cq 512 | 11-0ct-97 | (78.24) | | | Ð |
| Balance Carried Forward: | | 13,756.78 | | 10,108.84 | Г |
| - Sava Imora Chesa | 4 | | | | - |

To **reconcile** an account item with one that appears on the bank statement:

EITHER: Double click inside the cell to the left of the item's description to tick it then enter the **Statement Date.**

OR: Type the **Statement Date** and **Statement Amount** in the relevant boxes then, if statement and account record amounts agree, Bot-tom Line ticks the item for you.

Bottom Line also provides a number of other facilities to help you complete your reconciliation — <u>turn the</u> <u>page</u> to find out more...



Changing descriptions

You can change the description supplied by Bottom Line to something more meaningful — just click inside the relevant description cell then edit the text in the usual way.

econcilia

Grouping Transactions

There may be times when a number of individual account transactions appear as a single entry on the bank statement. For example, you may have paid a number of customer cheques into your account using a single bank credit slip.

In these circumstances, you would select and group the individual account transactions to be reconciled. You can do this in a number of ways...

Grouping adjacent items

If the transactions are positioned together in the list, use the SHIFT key as shown in Step 1 to select the items then group them as shown in Step 2.

STEP1: SELECTING THE ITEMS TO BE GROUPED

| | SL Receipt 100169 | 11-Sep-97 | 2,620.82 | |
|---|----------------------|-----------|----------|--|
| | SL Receipt 100170 | 18-Sep-97 | 3,278.25 | |
| | SL Receipt 100170 | 18-Sep-97 | 260.74 | |
| N | SL Receipt 100170 | 18-Sep-97 | 389.34 | |
| ~ | PL251 Payment Cq 510 | 29-Sep-97 | 689.34 | |

Click the first item in the group then, while holding down the SHIFT key, click the last item in the group to be selected.



STEP 2: GROUPING THE SELECTED ITEMS

| SL Receip | t 100169 | 11-Sep- | 2,620 | .82 | | | | |
|---|--|--|---|--|---|------------------------|---|-----------------|
| SL Receip | t 100170 | 18-Sep- | 3,278 | .25 | | | | |
| SL Receip | t 100170 | 18-Sep- | 97 260 | .74 | | | | |
| SL Receip | t 100170 | 18-Sep- | 97 389 | .34 | | | | |
| Group Tot | al cost of the second | Antonia Manageria | 3,928 | .33 | and an ended at | 16150552 | | |
| PL251 Pa | yment Cq 510 | 29-Sep- | 97 689 | .34 | | | | |
| J84 Bank | interest charges | 29-Sep- | 97 60 | .23 | | | | |
| PL252 P4 | yment Cq 511 | 4-0ct-9 | 6 730 | .65 | | 4 | 5 I I | |
| Balance | Carried Forw | ard: | 13,756 | .78 | 10 | ,108.84 | | |
| | | | | | | | | |
| ([+ - S | ve Ignore | Close C | | | | 0 | A 199 | |
| | | | | | | | | |
| | Gr | oup total row | , | | | | 20 20 | |
| | Gr | oup total row | | | | | NEI - | |
| THER, Click here | Gr to group the s | oup total row | OR , Cł | noose Grou | ıp items fr | om the | | |
| THER, Click here | Gr to group the s oup Total row | oup total row | : OR, Cł | noose Grou Reco | ip items fr | om the | Reconciliation | |
| THER, Click here ems, inserting a Gr | Gr to group the s oup Total row | oup total row selected | OR, Cł | noose Grou Reco | ip items fr | om the menu. | Reconciliation Add Item | |
| THER, Click here ems, inserting a Gr | Gr to group the s oup Total row a Group Total | oup total row selected | OR, Ch | noose Grou Reco | p items fronciliation | rom the menu. | Reconciliation Add Item Delete Item | |
| THER, Click here ems, inserting a Gr ottom Line inserts | Gr to group the s oup Total row a Group Total | oup total row selected I for the selec | OR, Ch ted items. If | noose Grou Reco f this total r | p items fronciliation | rom the menu. ne | Reconciliation Add Item Delete Item Group Items | |
| THER, Click here oms, inserting a Gr ottom Line inserts nount shown on th | Gr to group the s oup Total row a Group Total e bank statem | oup total row selected I for the selected ent, carry ou | OR, Ch ted items. If t Step 3 to re | noose Grou Reco f this total r concile the | p items fr onciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up | |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th | Gr to group the s oup Total row a Group Total e bank statem | oup total row selected for the selected ent, carry ou | OR, Ch ted items. If t Step 3 to re | noose Grou Reco f this total r concile the | p items fronciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up Move Down | |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL | Gr to group the s oup Total row a Group Total e bank statem .ING THE GR | oup total row selected the selected for the selected ent, carry ou | OR, Ch ted items. If t Step 3 to re | noose Grou Reco f this total r concile the | p items fronciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up Move Down | ж Эн |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL | Gr to group the s oup Total row a Group Total e bank statem ING THE GR | oup total row selected I for the selected ent, carry ou COUP | CR, Cr CR, Cr ted items. If t Step 3 to re | noose Grou Reco f this total r concile the | p items fronciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up Move Down | ЭН ЭН |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL SL Receipt 100169 | Gr to group the s oup Total row a Group Total e bank statem ING THE GR | oup total row selected for the selected ent, carry ou COUP | OR, Ch ted items. If t Step 3 to re 2,620.82 3,278.25 | noose Grou Reco f this total r concile the | p items fronciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up Move Down Reconciliation Re | ж ж |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL SL Receipt 100169 SL Receipt 100170 | Gr to group the s oup Total row a Group Total e bank statem ING THE GR | oup total row selected I for the selected ent, carry ou COUP 11-Sep-97 18-Sep-97 | OR, Ch ted items. If t Step 3 to re 2,620.82 3,278.25 260.74 | This total records the formula of th | p items fronciliation natches th group. | rom the menu. ne | Reconciliation Add Item Delete Item Group Items Move Up Move Down Reconciliation Re | a a port |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL SL Receipt 100169 SL Receipt 100170 SL Receipt 100170 | Gr to group the s oup Total row a Group Total e bank statem ING THE GR | oup total row selected I for the selected ent, carry ou COUP 11-Sep-97 18-Sep-97 18-Sep-97 | OR, Cr ted items. If t Step 3 to re 2,620.82 3,278.25 260.74 389.74 | this total r concile the | p items fronciliation natches th group. | rom the menu. ie | Reconciliation Add Item Delete Item Group Items Move Up Move Down Reconciliation Re | э э port |
| THER, Click here ems, inserting a Gr ottom Line inserts nount shown on th TEP 3: RECONCIL SL Receipt 100169 SL Receipt 100170 SL Receipt 100170 SL Receipt 100170 | Gr to group the s oup Total row a Group Total e bank statem ING THE GR | oup total row selected I for the select ent, carry ou COUP 11-Sep-97 18-Sep-97 18-Sep-97 18-Sep-97 | OR, Ch ted items. If t Step 3 to re 2,620.82 3,278.25 260.74 389.34 | this total r concile the | p items fronciliation natches th group. | rom the menu. ie | Reconciliation Add Item Delete Item Group Items Move Up Move Down Reconciliation Re | э ж port. |

Double click the reconciliationcell for any item in the group...

...then enter the Statement Date in the Group Total line.

Grouping non-adjacent items

If the relevant transactions are scattered throughout the list, you can hand pick the items to be grouped like this...

Hold down the COMMAND key, then click each item



in turn to select it. Once all items have been selected, group them as in <u>Step 2</u>.

| Accour | nt Record | Sta | tement | |
|-----------|---|--|---|---|
| Date | Transaction | Date | Transaction | |
| | 0.00 | | 0.00 | |
| 6-0ct-97 | 8.96 | | | ÷ |
| 6-0ct-97 | 71.23 | | | |
| 6-0ct-97 | 8.01 | 2000 C C C C C C C C C C C C C C C C C C | | |
| 6-0ct-97 | 43.42 | | | |
| 11-0ct-97 | (488.25) | | | |
| 11-0ct-97 | (1,818.04) | | | |
| 31-Oct-97 | 24.66 | | | |
| 31-0ct-97 | (150.85) | | | |
| 31-0ct-97 | (965.13) | | | |
| 31-Oct-97 | 98.00 | 1993.000 | | \$ |
| | (8,167.99) | | 0.00 | |
| | Httcou Date 6-Oct-97 6-Oct-97 6-Oct-97 11-Oct-97 11-Oct-97 31-Oct-97 31-Oct-97 31-Oct-97 31-Oct-97 31-Oct-97 | Hccount Record Date Transaction 0.00 0.00 6-0et-97 8.96 6-0et-97 71.23 6-0et-97 8.01 6-0et-97 43.42 11-0et-97 (488.25) 11-0et-97 (1,818.04) 31-0et-97 24.66 31-0et-97 (150.85) 31-0et-97 99.00 (3,167.99) (3,167.99) | Hccount Record Sta Date Transaction Date 0.00 0.00 0.00 6-0et-97 8.96 0.00 6-0et-97 8.96 0.00 6-0et-97 8.96 0.00 6-0et-97 8.01 0.00 6-0et-97 43.42 0.00 11-0et-97 (1.888.25) 0.00 31-0et-97 (1.50.05) 0.00 31-0et-97 (150.05) 0.00 31-0et-97 (965.13) 0.00 (3,167.99) (3,167.99) 0.00 | Account Record Statement Date Transaction Date Transaction 0.00 0.00 0.00 6-0et-97 8.96 0.00 6-0et-97 71.23 0.00 6-0et-97 8.01 0.00 6-0et-97 8.01 0.00 6-0et-97 43.42 0.00 11-0et-97 (1.818.04) 0.00 31-0et-97 (1.50.05) 0.00 31-0et-97 (1965.13) 0.00 31-0et-97 98.00 0.00 |



Removing an item from the group

If you have inadvertently included an unwanted transaction in the group, click that transaction then, while holding down the OPTION key, drag it out of the group to another location in the list.



Total.

Un-grouping Items

If you have grouped the wrong items, click the group then click the Group button again to ungroup the items and remove the Group

Bottom Line re-organises the selected items into a single adjacent block and inserts a Group Total line. The Group Total can then be reconciled against the bank statement as shown in Step 3.

Reconciliation Completing the Reconciliation Current Account 95438807 Once you have reconciled all items on the bank state-National Direct STATEMENT OF ACCOUNT ment with the corresponding account transactions, Rock Solid LM 145ep#7 No. 24 15 Merlin Lane, Lockington, BA12 6IL check the Balance Carried Forward at the foot of the right hand column against the final balance shown on Details Payments Receipts Date Belance 1997 the bank statement. BALANCE FORWARD 14Aug 653413 J 1536.27 Credit 100147 22Aug 10060-40 If these two figures agree, print a Reconciliation report / 3220.50 100504 25Aug 6839.90 as described 231.67 29Aug 100505 6608.23 4046.23 100168 4540 10654.46 Reconc Credit a <u>few pages</u> 165.62 100507 115ep 10408.84 130.00 100506 125ep <u>back</u>. Reconciliation for: 250.00 10108.84 100509 16100 Current Account Account Record Statement Date Transaction Date Transaction Balance Brought Forward: 8,524.13 8,524,13 Sales receipt 100167 18-Aug-97 1,536.27 22-Aug-97 1,536.27 Payment Cq 504 18-Aug-97 (3, 220.50)25-Aug-97 (3,220.50 Payment Cg 505 (231.67) 29-Aug-97 (231.6) 21-Aug-97 SL Receipt 100168 1-Sep-97 4,046.23 4-Sep-97 4,046.23 PL247 Payment Cq 506 4-Sep-97 (130.00)12-Sep-97 (130.00)(165.62) PL248 Payment Cq 507 4-Sep-97 11-Sep-97 (165.62 PL249 Payment Cq 508 4-Sep-97 (250.00) 12sep97 (250.00• (1,342.67) PL250 Payment Cq 509 8-Sep-97 SL Receipt 100169 57 11-Sep-97 2,620.82 10,108.84 Balance Carried Forward: 11,386.99 C)

Save

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Close

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Chapter 17 - 27

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Deleting Reconciled Items

Having completed the reconciliation, you are now ready to save and close the window.

However, before you do this, you may want to weed out previously reconciled transactions to help reduce the clutter that is beginning to accumulate in the window.

To delete a reconciled transaction...

Click the tick box for the first reconciled item to be deleted then, to select additional items...

...group the selected items as described <u>above</u>.

EITHER, choose Delete Item from the Reconciliation menu...

...OR, click here to remove the selected item(s).

| 6100 Current Account | 0 | < | 2000 | |
|--|--|--|---|---|
| | Recour | THECOTO | Stat | ement |
| alance Brought Forward: | Date | Iransaction | Date | Transaction |
| alance brought rorwaru: | | 0,524.13 | | 0,524.15 |
| Sales receipt 100167 | 18-Aug-97 | 1,556.27 | 22-6-97 | 1,536.27 |
| Payment Cq 504 | 18-Aug-97 | (8,220,50) | 25-Aug-97 | (3,220.50) |
| | | | | |
| | | | | |
| | | And the second s | | |
| econciliation for: 6100 Current Account | Recon | ciliation | Reconc | iliation |
| econciliation for: 6100 Current Account | Recon | t Record | Reconc | iliation ement |
| econciliation for: 6100 Current Account | Recon Accour Date | t Record | Reconc Stat | iliation ement Transaction |
| econciliation for: 6100 Current Account alance Brought Forward: | Recon Accour Date | t Record Transaction 8,524.13 | Reconc Stat Date | ement Transaction 8,524.15 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 | Recour Date 22-Aug-97 | t Record Transaction 9,524.13 1,536.27 | Stat Date 22-Aug-97 | ement Transaction 9,524.15 1,536.27 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 Payment Cq 504 | Recour Date 22-Aug-97 18-Aug-97 | t Record Transaction 9,524.13 1,536.27 (3,220.50) | Stat Date 22-Aug-97 25-Aug-97 | ement Transaction 1,536.27 (3,220.50 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 Payment Cq 504 Payment Cq 505 | Recon Date 22-Aug-97 18-Aug-97 21-Aug-97 | t Record Transaction 0,524.13 1,536.27 (8,220.50) (231.67) | Stat Date 22-Aug-97 25-Aug-97 29-Aug-97 | ement Transaction 0,524.12 1,556.22 (3,220.50 (231.67) |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 Payment Cq 504 Payment Cq 505 SL Receipt 100160 | Recon Recour Date 22-Aug-97 18-Aug-97 21-Aug-97 1-Sep-97 | t Record Transaction 9,524.13 1,536.27 (3,220.50) (251.67) 4,046.23 | Stat Date 22-Aug-97 25-Aug-97 25-Aug-97 4-Sep-97 | ement Transaction 0,524.15 1,536.20.50 (221.67 4,046.23 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales recept 100167 Payment Cq 505 SL. Recept 100160 PL247 Payment Cq 506 | Recom Recour Date 22-Aug-97 18-Aug-97 21-Aug-97 1-Sep-97 4-Sep-97 | t Record Transaction (3,220.50) (251.67) 4,046.23 (130.00) | Stat Date 22-Aug-97 25-Aug-97 29-Aug-97 29-Aug-97 29-Aug-97 12-Sep-97 12-Sep-97 | ement Transaction 9,524 13 1,556 27 (3,220 20 (221 67 4,046 23 (130 00 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 Payment Cq 505 BL Receipt 100160 PL247 Payment Cq 506 FL248 Payment Cq 507 | Recom Recour Date 22-Aug-97 18-Aug-97 21-Aug-97 1-Sep-97 4-Sep-97 4-Sep-97 | t Record Transaction 9,524 13 1,536 27 (3,220 50) (231 67) 4,046 23 (130 00) (165 62) | Stat Date 22-Aug-97 25-Aug-97 29-Aug-97 29-Aug-97 12-Sep-97 12-Sep-97 11-Sep-97 | ement Transaction 9,52413 1,55627 (3,22050 (23167 4,04423 (130.00 (16562 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales recept 100167 Payment Cq 504 Payment Cq 505 SL Recept 100160 PL247 Payment Cq 506 PL248 Payment Cq 506 PL249 Payment Cq 508 | Recom Recour Date 22-Aug-97 18-Aug-97 18-Aug-97 1-Sep-97 4-Sep-97 4-Sep-97 4-Sep-97 | t Record Transaction 8,524.13 1,536.27 (3,220.50) (254.67) 4,046.67) 4,046.67) (155.62) (155.62) (250.00) | Stat Date 22-Aug-97 25-Aug-97 29-Aug-97 4-Sep-97 12-Sep-97 11-Sep-97 12-Sep-97 | ement Transaction 0,524 13 1,536 27 (3,220 50 (231 67 4,046 23 (130 00 (165 62 (250 00 |
| econciliation for: 6100 Current Account alance Brought Forward: Sales receipt 100167 Payment Cq 504 Payment Cq 505 SL Receipt 100160 PL249 Payment Cq 506 PL249 Payment Cq 507 PL249 Payment Cq 508 PL250 Payment Cq 509 | Recom Recour Date 22-Aug-97 18-Aug-97 1-Sep-97 4-Sep-97 4-Sep-97 4-Sep-97 0-Sep-97 | t Record Transaction 0,524.13 1,536.27 (3,220.50) (231.67) 4,046.23 (130.00) (165.62) (250.00) (1,542.67) | Stat Date 22-Aug-97 25-Aug-97 25-Aug-97 4-Sep-97 12-Sep-97 11-Sep-97 12-Sep-97 | ement Transaction 9,524 13 1,536 27 (3,200 50 (231 67 4,044 23 (130 00) (195 62 (250 00) |

Ignore.

Close



More about deleting items

This process only removes transactions from the Reconciliation window — it does not delete them from the actual accounts! Notice that when you remove reconciled items, the Balance Carried Forward totals do not change — it is the Balance Brought Forward figures which adjust themselves.



Deleting un-reconciled items

If you have manually entered an item in error, you will find that the only way to remove it is to **reconcile** the item then delete it. It is important not to delete an item which is genuinely un-reconciled.

