

Bank Reconciliation Example

(Assume Company Y opened its doors for business on January 1, 2016)

X Bank Bank Statement			Company Y Cash Account		
Balance, January 1, 2016		0.00	Balance, January 1, 2016		0.00
Deposits:					
	1/2/2016	10,000.00	1/2/2016-Deposit		10,000.00
	1/23/2016	15,000.00	1/2/2016-Check #101		(1,000.00)
Total Deposits		25,000.00	1/3/2016-Debit card charge		(200.00)
Checks:			1/3/2016-Check #102		(500.00)
	#101-1/5/2016	1,000.00	1/11/2016-Check #103		(700.00)
	#102-1/7/2016	500.00	1/12/2016-Check #104		(300.00)
	#104-1/15/2016	300.00	1/23/2016-Deposit		15,000.00
Total Checks		1,800.00	1/30/2016-Check #105		(3,000.00)
Debit Card Charges:			1/31/2016-Deposit		2,500.00
	1/3/2016	200.00			
	1/31/2016	500.00			
Total Debit Card Charges		700.00			
Balance, January 31, 2016		22,500.00	Balance, January 31, 2016		21,800.00

Company Y Bank Reconciliation January 31, 2016			
Balance per bank, 1/31/16	22,500.00	Balance per books, 1/31/16	21,800.00
Activity recorded in books, not by bank:		Bank activity not recorded in books:	
Outstanding checks		Debit card charge, 1/31/2016	(500.00)
#103	(700.00)		
#105	(3,000.00)		
Deposit in transit:			
1/31/2016	2,500.00		
Adjusted balance per bank, 1/31/16	21,300.00	Adjusted balance per books, 1/31/16	21,300.00

The bank rec schedule starts with the January 31 balances of both the bank account and the cash account on Company Y's books. From there, the appropriate reconciling items have been adjusted from each balance:

- Two checks issued by Company Y that had not yet cleared the bank as of January 31
- A deposit recorded by Company Y that had not yet been credited by the bank as of January 31
- A debit card charge made by Company Y that hit the bank in January, but was not recorded on Company Y's books

Upon adjusting for the reconciling activity, the two amounts are now in balance (\$21,300.00).

Company Y needs to record the \$500 debit card charge in its books.

If they do so while their January books are still open, they would need to update the reconciliation schedule (to adjust the book balance and remove the reconciling item).

If they do so after their January books are closed, it will be a February transaction and the reconciliation schedule stays as is.