

Chapter 2
Banking

Section 2-2

Reconcile a Bank Statement

Objective: Analyze

Understand

What would happen if the bank holding your money has made a mistake?

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What problems could arise if you think you have more in your account than the bank knows you have?

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How can you avoid these problems?

What is Reconciliation? It means to match all the entries in the register with

Why Reconcile? So that both the bank and you

Steps to Reconcile:

Step 1:

- Put a check mark on the register if the item appears accurately in the bank statement.

Step 2:

- Put a check mark on the statement if the item appears accurately in your register.
- Any accurate bank item that is not in your register needs to be added to the register. (Example: Interest paid to you.)

Step 3:

a) List any outstanding Checks or other account **subtractions**. (Outstanding means it has not reached the bank yet.)

b) List any outstanding Deposits or other account **additions**.

c) Find the real bank balance.

Item	Amount
Statement Ending Balance	
+ Total Deposits outstanding	
- Total Withdrawals Outstanding	
Revised Statement Balance	

d) Compare your register to the real bank balance.

Example 2 – You try it!

Nancy has a balance of \$1,078 in her check register. The balance on her bank account statement is \$885.84. Not reported on her bank statement are deposits of \$575 and \$250 and two checks for \$195 and \$437.84. Does her checking account balance? Explain.

Item	Amount
Statement Ending Balance	
+ Total Deposits outstanding	
- Total Withdrawals Outstanding	
Revised Statement Balance	

Assignment 2-2

Read Pages 73 to 76
Do Page 77: # 2, 3, 6, 9-12

