

## Bank Reconciliation

### What is Bank Reconciliation?

Bank reconciliation is the process of checking that all the items that make up the actual transactions in the various business bank and credit card accounts are fully reflected in Liberty Accounts records.

Regularly performing reconciliation ensures that no items are missed. For example a debit card payment will show up in the bank statement, but you may have forgotten to update your accounting records. The bank reconciliation will highlight the omission. You may have misplaced a credit card slip which the reconciliation to the credit card statement will make clear; or may be you have inadvertently entered a transaction twice; the reconciliation will expose this error.

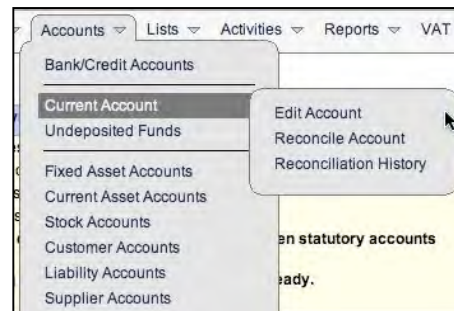
Performing regular bank reconciliations is vital to ensuring that your accounts are as up to date and accurate as possible. We strongly recommend that whenever a new bank statement is received it should be reconciled as soon as possible.

### Where is bank reconciliation performed?

Whenever a bank or credit card account is set up a bank reconciliation process will be available to manage that account.

Access to the reconciliation process can be via one of two potential routes.

From the **ACCOUNTS** menu move the cursor to a particular bank or credit card account and click the **Reconcile Account** sub-menu.



or,

**ACCOUNTS** → **BANK/CREDIT ACCOUNTS** → click the **Reconcile** button adjacent to the relevant account.

### The Reconciliation Screen

The reconciliation screen lists all the un-reconciled transactions recorded in the selected bank account. All previously reconciled transactions are still visible in the normal view of the bank account, but as they are already reconciled they do not need to be shown again in the reconciliation screen. The completion of a reconciliation process creates a batch report that is available to view and if necessary delete to start again.

**Key Features of the screen are:**

Reconciliation Details		Progress		Current Account	
Date Reconciled From	31/01/2012	Payments Reconciled	2980.19	Account Balance	18,248.04
Date Reconciled To	10/02/2012	Deposits Reconciled	2500.00	Reconciled Balance	18,570.42
Starting Balance	18570.42	Unreconciled	0.00	Unreconciled Balance	(322.38)
Ending Balance	18090.23	Submit		Last Date Reconciled To	31/01/2012
				Last Reconciled Balance	18,570.42

Amount	Date	Account	Memo
0.00		Select...	Bank Charge
0.00		Select...	Interest Charge
0.00		Select...	Interest Receipt

Date	Reference	Payee	Memo	Payment	Deposit	Clear
01/02/2012	10057	HMRC		911.39	0.00	<input checked="" type="checkbox"/>
01/02/2012	10056	Endowment Pensions		80.00	0.00	<input checked="" type="checkbox"/>
01/02/2012	10055	Huntrose, Richard	Salary Payment	1,688.80	0.00	<input checked="" type="checkbox"/>
08/02/2012	10071	Central Garages Ltd	Bill Payment	300.00	0.00	<input checked="" type="checkbox"/>
01/03/2012	10065	Huntrose, Richard	Salary Payment	1,688.80	0.00	<input type="checkbox"/>
01/03/2012	10067	HMRC		911.39	0.00	<input type="checkbox"/>
01/03/2012	10066	Endowment Pensions		80.00	0.00	<input type="checkbox"/>
10/03/2012		Venus Management Ltd		0.00	2,500.00	<input checked="" type="checkbox"/>
27/03/2012		Venus Management Ltd	Receive Payment	0.00	2,838.00	<input type="checkbox"/>

- ◆ The **Edit** button opens the particular transaction for amendment. When completed the user is returned to the reconciliation screen. The screen status will remain exactly the same except for any amended value.
- ◆ **Date Reconciled From** is the date of the last reconciliation. The date will either have been entered by the user in a manual process or taken as the date of the newest item from a statement upload process. It can be overwritten if necessary, for example if a previous reconciliation batch is deleted and needs to be re-reconciled out of sequence.
- ◆ **Date Reconciled To** is the date of the bank statement that is now being reconciled.
- ◆ **Starting Balance** is the closing balance of the last reconciled bank statement
- ◆ **Ending Balance** is the closing balance on the bank statement now being reconciled.
- ◆ **Payments/Deposits reconciled** are the running totals in each category as they are marked as reconciled
- ◆ **Unreconciled** is the residual amount still to be reconciled. It is the difference between the Ending and Starting Balances plus the Payments reconciled less the Deposits reconciled. A reconciliation process **CANNOT** be completed until this is zero.
- ◆ **Account Balance** is balance on the particular account of both reconciled and unreconciled transactions.
- ◆ **Reconciled Balance** is the sum of all reconciled transactions recorded to the account.
- ◆ **Unreconciled Balance** is the sum of all unreconciled transactions recorded to the account. A report of these items is available under the reports menu.
- ◆ **Last statement date** A date stored by the system from the last reconciliation process. Either the date entered in a manual reconciliation or the date of the most recent transaction from a statement upload and reconciliation.

- ◆ **Last Reconciled Balance** The closing balance of the last reconciliation. This balance will be user entered if a manual reconciliation has been completed or a computed balance if an uploaded statement has been processed. The balance will be taken as the starting balance for the next bank reconciliation.

It is usual for Banks to show on Statements any bank charges or interest charged or earned. Often it is not until you receive the statement that you become aware of these figures. The system allows you to both account for these items and enter them as reconciled in one process.

- ◆ **Bank Charge**, enter the amount and date shown on the statement as the bank charge. Select the expense account required.
- ◆ **Interest Charge**; enter the amount and date shown on the statement as the interest charge. Select the expense account required.
- ◆ **Interest Earned**, enter the amount and date shown on the statement as the interest earned. Select the income account required.

The remaining section of the screen outlines the details of the un-reconciled transactions as recorded, making it clear as to whether they are payments or deposits.

The final column is where an item can be marked as reconciled. Simply click on the box. A check mark ✓ will appear. Clicking on it again removes the check mark. If you wish to remove a number of check marks simply click on **CLEAR** at the top of the column.

### Reconciling your account

- ◆ Ensure that you have the bank statement to hand.
- ◆ Enter the current statement closing date and balance.
- ◆ Enter any bank charges or interest items.
- ◆ There will now be a figure in the **Amount Unaccounted For** box, which represents the amount to be reconciled.

YOUR BANK				
Account Statement				
date	details	paid out	paid in	balance
	Brought forward			18570.42
01/02/12	10056 Endowment	80.00		18490.42
01/02/12	HMRC	911.39		17579.03
01/02/11	R Huntrose	1688.80		15890.23
08/02/12	Central Garages	300.00		15590.23
10/02/12	Credit		2500.00	18090.23
	Charges applied	58.00		18032.23
	Net Interest Credit		60.00	18092.23
Total Payments/Receipts		3038.19	2560.00	

Reconciliation Details				Progress		Current Account	
Date Reconciled From	31/01/2012			Payments Reconciled	3038.19	Account Balance	18,248.04
Date Reconciled To	10/02/2012			Deposits Reconciled	2560.00	Reconciled Balance	18,570.42
Starting Balance	18570.42			Unreconciled	0.00	Unreconciled Balance	(322.38)
Ending Balance	18092.23			Submit		Last Date Reconciled To	31/01/2012
						Last Reconciled Balance	18,570.42

	Amount	Date	Account	Memo
Bank Charge	58.00	10/02/2012	...Bank Charges	Bank Charge
Interest Charge	0.00		Select...	Interest Charge
Interest Earned	60.00	10/02/2012	Interest Received	Interest Receipt

	Date	Reference	Payee	Memo	Payment	Deposit	Clear
<a href="#">Edit</a>	01/02/2012	10057	HMRC			0.00	<input checked="" type="checkbox"/>
<a href="#">Edit</a>	01/02/2012	10056	Endowment Pensions		911.39	0.00	<input checked="" type="checkbox"/>
<a href="#">Edit</a>	01/02/2012	10055	Huntrose, Richard	Salary Payment	1,688.80	0.00	<input checked="" type="checkbox"/>
<a href="#">Edit</a>	08/02/2012	10071	Central Garages Ltd	Bill Payment	300.00	0.00	<input checked="" type="checkbox"/>
<a href="#">Edit</a>	01/03/2012	10065	Huntrose, Richard	Salary Payment	1,688.80	0.00	<input type="checkbox"/>
<a href="#">Edit</a>	01/03/2012	10067	HMRC		911.39	0.00	<input type="checkbox"/>
<a href="#">Edit</a>	01/03/2012	10066	Endowment Pensions		80.00	0.00	<input type="checkbox"/>
<a href="#">Edit</a>	10/03/2012		Venus Management Ltd		0.00	2,500.00	<input checked="" type="checkbox"/>
<a href="#">View</a>	27/03/2012		Venus Management Ltd	Receive Payment	0.00	2,838.00	<input type="checkbox"/>

- ◆ From your bank statement locate each transaction with the matching one in the reconciliation screen. Click on the check box to reconcile.
- ◆ If you find that you need to break off to correct an amount click the **Edit** button adjacent to the transaction.
- ◆ When the figure in the **Amount Unaccounted For** box is zero a **SUBMIT** button is highlighted at the base of the screen (scroll down if necessary). Clicking on **SUBMIT** completes the reconciliation process and creates the reconciliation batch record.
- ◆ A message appears towards the top right of the next screen confirming the process, “The account reconciliation has been successfully performed”.

### Changes and Deletions after reconciliation

In the event it is necessary to make changes or delete a transaction that has already been reconciled, it must first be un-reconciled. We recommend care in making changes.

- ◆ Locate the relevant transaction from the bank account screen. Select the date range which covers the transaction you are amending.
- ◆ Click on the green check mark (✓) in the right hand side of the transaction to un-reconcile this item.
- ◆ Confirm the confirmation request.
- ◆ The item reappears with the **DEL** option now available.
- ◆ You can now either delete the item or amend the value.
- ◆ The system amends the closing balance of the last statement by the amount changed or deleted when reconciliation is next activated.

### Reconciliation History

Each time a bank reconciliation is completed a batch record is created and a report of the batch is available.

Click the Reconciliation History sub-menu (see above) to display the list of reconciliation batches.

Each reconciliation batch for the account is listed, sorted by the Reconciled To date. Starting and ending balances are shown as well as the user who completed the batch and the date it was performed.

Note that if the user is BATCH then the batch has been created from historic records of reconciliation processes by the system when the particular user name was not stored.

Result set has been restricted to recent reconciliations - query to view all records.

View All

	Reconciled From	Reconciled To	Starting Balance	Ending Balance	User	Date Performed	
	31/01/2012	27/03/2012	7,003.13	2,788.97	pxt001	27/03/2012	<a href="#">Del</a>
	13/03/2012	26/03/2012	4,251.73	7,003.13	BATCH	26/03/2012	<a href="#">Del</a>
	05/03/2012	14/03/2012	798.96	4,251.73	BATCH	14/03/2012	<a href="#">Del</a>
	29/02/2012	05/03/2012	328.96	798.96	BATCH	05/03/2012	<a href="#">Del</a>
	22/02/2012	28/02/2012	4,462.15	328.96	BATCH	28/02/2012	<a href="#">Del</a>
	11/02/2012	20/02/2012	3,186.03	4,462.15	BATCH	20/02/2012	<a href="#">Del</a>
	31/01/2012	14/02/2012	491.81	3,186.03	BATCH	14/02/2012	<a href="#">Del</a>
	31/01/2012	31/01/2012	1,591.81	491.81	pxt001	27/03/2012	<a href="#">Del</a>
	25/01/2012	31/01/2012	8,567.79	1,591.81	pxt001	27/03/2012	<a href="#">Del</a>
	11/01/2012	24/01/2012	6,531.66	8,567.79	BATCH	24/01/2012	<a href="#">Del</a>
	06/01/2012	17/01/2012	1,694.54	6,531.66	BATCH	17/01/2012	<a href="#">Del</a>
	03/01/2012	05/01/2012	419.03	1,694.54	BATCH	05/01/2012	<a href="#">Del</a>
	20/12/2011	30/12/2011	5,683.99	419.03	BATCH	30/12/2011	<a href="#">Del</a>
	11/12/2011	20/12/2011	1,780.46	5,683.99	BATCH	20/12/2011	<a href="#">Del</a>
	02/12/2011	12/12/2011	686.34	1,780.46	BATCH	12/12/2011	<a href="#">Del</a>
	01/12/2011	05/12/2011	936.64	686.34	BATCH	05/12/2011	<a href="#">Del</a>

Clicking the  icon generates a report of the details of a particular batch.

**paul Consulting Ltd -TRIAL**  
**Account Reconciliation**

Opening balance at : 0.00 --- Closing balance at 31/01/2012: 18,570.42 --- Reconciliation performed on 27/03/2012 by paul

Sequence	Date	Document	Reference	3rd Party	Account	Payment	Deposit	Balance
1	30/11/2011	Opening Balance			Suspense		15,850.00	15,850.00
25	01/12/2011	Cheque	10035	Huntrose, Richard	Wages & Salaries	1,688.80		14,161.20
32	01/12/2011	Cheque	10037	HMRC	-Split-	911.39		13,249.81
36	01/12/2011	Cheque	10036	Endowment Pensions	Pensions (Directors)	80.00		13,169.81
27	01/01/2012	Cheque	10045	Huntrose, Richard	Wages & Salaries	1,688.80		11,481.01
33	01/01/2012	Cheque	10047	HMRC	-Split-	911.39		10,569.62
37	01/01/2012	Cheque	10046	Endowment Pensions	Pensions (Directors)	80.00		10,489.62
48	14/01/2012	Debit Card		Central Garages Ltd	Vehicle - Fuel and Oil	252.00		10,237.62
61	15/01/2012	Misc Income		Earth Technology PLC	Sales - Consulting		8,400.00	18,637.62
49	23/01/2012	Debit Card		The Restaurant	-Split-	67.20		18,570.42
<b>Totals:</b>						<b>5,679.58</b>	<b>24,250.00</b>	

If necessary a particular batch may be deleted by clicking the [Del](#) button. ALL those items in the batch will have their status reset to unreconciled and subsequently will need to be re-reconciled.

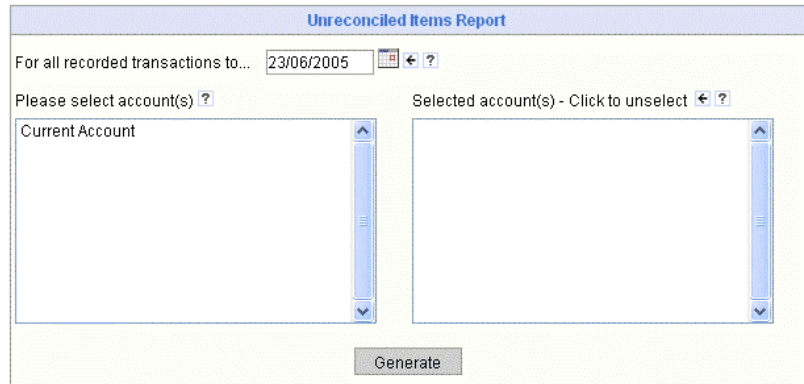
### Un-reconciled Items Report

At any time there will be items that have been recorded in the bank accounts that have not been reconciled to a bank statement. These are known as un-reconciled items. It is good practice to regularly review un-reconciled items to ensure that they are correct. If particularly the item is dated sometime in the past, perhaps a cheque has not been banked for example, and then perhaps some corrective action is necessary.

The report is accessed via the **REPORTS** menu.

**REPORTS → UNRECONCILED ITEMS**

- ◆ Enter a date for which the report is to be run. Note that the report will prepare the list of unreconciled items existing as that date.
- ◆ Click on the bank account or accounts you wish to prepare the report for.
- ◆ Click on **GENERATE** to prepare the report which is in pdf format and can be printed, saved or even e-mailed.



The screenshot shows a web interface titled "Unreconciled Items Report". At the top, it says "For all recorded transactions to..." followed by a date input field containing "23/06/2005". Below this, there are two list boxes. The first is labeled "Please select account(s) ?" and contains "Current Account". The second is labeled "Selected account(s) - Click to unselect ?" and is currently empty. At the bottom of the interface is a "Generate" button.

paul Consulting Ltd -TRIAL				
Unreconciled Items				
For All Recorded Transactions to 23/06/2005				
Account	Date	Reference	Type	Amount
<b>Current Account - Receipts</b>				
Suspense	28/02/2005		Opening Balance	15,850.00
Accounts Receivable	14/06/2005		Receipt	293.75
Receipts subtotal:				16,143.75
<b>Current Account - Payments</b>				
Wages & Salaries	01/03/2005	10035	Cheque	1,688.80
-Split-	01/03/2005	10037	Cheque	911.39
Pensions (Directors)	01/03/2005	10036	Cheque	80.00
Wages & Salaries	01/04/2005	10045	Cheque	1,688.80
-Split-	01/04/2005	10047	Cheque	911.39
Pensions (Directors)	01/04/2005	10046	Cheque	80.00
Vehicle - Fuel and Oil	13/04/2005		Debit Card	246.75
-Split-	22/04/2005		Debit Card	65.80
Wages & Salaries	01/05/2005	10055	Cheque	1,688.80
-Split-	01/05/2005	10057	Cheque	911.39
Pensions (Directors)	01/05/2005	10056	Cheque	80.00
Trade Creditors	08/05/2005	10071	Cheque	300.00
Wages & Salaries	01/06/2005	10065	Cheque	1,688.80
Pensions (Directors)	01/06/2005	10066	Cheque	80.00
-Split-	01/06/2005	10067	Cheque	911.39
Accounts Receivable	14/06/2005		Journal Entry	293.75
Payments subtotal:				11,627.06
Current Account subtotal:				4,516.69