

# Bank reconciliation lesson plan

[Education](#), [School](#)



## **Lesson Plan – The Bank Reconciliation Statement General Objectives: Students will:**

1. Account for differences between the cash book and bank statement balances.
2. Construct a bank reconciliation statement using the adjusted trial balance.

### **Specific Objectives: Students will: Cognitive:**

1. Demonstrate knowledge of the concept of reconciling bank statements.
  2. Explain the reasons as to why your cash book and bank statement may not balance.
- Psychomotor: Construct a bank reconciliation statement using the adjusted cash book balance.
  - Affective: Value the importance of preparing a bank reconciliation statement.

Prior Knowledge: Students have a clear understanding of:

The two column cash book.

### **Lesson 1 – Bank Reconciliation Statement**

Edward Cullen from the movie Twilight has a bank account and money to manage. You will learn to check his monthly account statement and help him make sure his bank balance is correct. This will help him to make sure that he has enough money for his date with Bella this weekend. This will help you in your own life with your own banking responsibilities. A bank statement is a detailed record of the checking account from the bank. The bank statement

balance is the amount of money left in the account per bank's records. The check book balance is the amount of money left in the account per depositor's records.

All banks use computers to prepare bank statements. Data about all checks paid and all deposits received are entered into the computer in order to keep the depositor's account up-to-date. All of the data that is stored in the computer is printed out on the bank statement. There will usually be differences between the check book balance and the bank statement balance. In this lesson, you will begin to learn how to explain these differences by preparing a bank reconciliation statement. This statement is used to bring the check book and the bank statement balances into agreement.

## **Presentation 1**

The teacher will now explain the reasons for the difference in the bank statement and the cash book. Which are as follows:

1. Un-presented cheques
2. Dishonoured cheques
3. Direct debits
4. Standing orders
5. Bank giro credit

## **Presentation 2**

The teacher gives a brief explanation on the meaning of these items, and why they may cause the bank statement and bank account balances to differ.

### Presentation 3

The teacher demonstrates a scenario where the cash book bank balance and the bank statement balance differ.

It is now possible to see that the two items not shown in our cash book are:  
Bank Giro credit; P.

Smith \$70 P. Smith had paid us \$70, but instead of paying us by cheque he paid directly into the bank. We did not know of this until we received the bank statement. Bank charges \$50 The bank had charged us \$50 for keeping our bank account and all the work connected with it. Instead of notifying us they have simply taken out the money out of our bank account. The balance in our cash book was \$300, whereas our bank statement shows a balance of \$320. To prove that although the balances differ they can be “reconciled” with each other, a bank reconciliation statement will be drawn up.

As we have now identified the items missing from our cash book we can now complete writing it up as follows. Bank Reconciliation Statement as at 31 December 2011  
Balance as per cash book \$300  
Add: Bank Giro credit \$70  
\$370  
Less: Bank charges \$50  
Balance as per bank statement \$320  
The completed cash book would now look as follows:

Evaluation: The teacher would present each student with a practise exercise on prepaid expense accounts scenarios. During this time the teacher would walk around the classroom observing the student’s responses and offering assistance were needed.