Items that may be in cash book but not on the bank statement

Unpresented Cheques	These are cheques paid out and recorded by the business but have not been received by the bank for payment. Unpresented cheques will therefore be found on the payment side of the cashbook but not on the bank statement.
Late Lodgements	These are cheques received and recorded in the cashbook by the business which have not been lodged, or were lodged late, so were not entered on the bank statement.

✔ ***Starting with the updated cash book balances***

Steps involved in preparing a bank reconciliation statement

1. Compare the bank statement with the cashbook
2. Identify all entries that are not common to both
3. Use items found in the bank statement but not in the cashbook to update the cashbook.
4. Use items found in the cashbook but not in the bank statement to reconcile the updated cashbook balance with the balance as per bank statement.

Steps in reconciling bank statement

The following steps should be followed when reconciling the bank statement with the cash book:

1 Compare the cash book entries with the bank statement entries and note the unknown items.

2 Compare the bank statement entries with the cash book and note the unknown items.

3 Update the cash book with the items from the bank statement which were unknown.

bank reconciliation statement ▶

4 Prepare the bank reconciliation statement using the items from the cash book.