

An UltraPrecise Tax & Accounting Service

GUIDE TO

Reconciling Your Books



**THE GUIDE THAT WILL CONVINCING YOU TO
RECONCILE YOUR ACCOUNTS (*AND TEACH
YOU HOW TO DO IT YOURSELF*)**



Welcome!

I'm Greg Harvey, the owner of UltraPrecise Tax & Accounting Service! If you've been following me for a while, you already know how important is to to reconcile your accounts on a regular basis. This guide will walk you through the most common steps to help you do (and troubleshoot) your own bank reconciliation!

NOTE: The information provided in this guide is not intended as financial advice.



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What *is* a bank reconciliation?



A bank reconciliation compares the transactions that have been recorded on a company's books to the corresponding bank statement for that time period.

Generally, bank reconciliations should be performed on a **monthly basis**. However, companies with a higher volume of transactions may benefit from doing their bank reconciliations more frequently.





Why do I *need* to reconcile?

Reconciliation helps ensure you have complete, accurate financial statements. A bank reconciliation can help you catch things like:

- Incorrect Dates
- Transposed Numbers
- Missing Transactions
- Timing Differences
- Fraudulent Activity
- Outstanding Checks



Steps *for* a Bank Reconciliation



01

GET ORGANIZED

Download your bank statement for the month and open up your bookkeeping software to the account you'll be reconciling.



02

MATCH YOUR STARTING BALANCES

The starting balance shown in your bookkeeping software should match the starting balance shown on your bank statement. If it doesn't, you need to go back and reconcile a prior period.



03

RECORD YOUR ENDING BALANCE

When you begin reconciling in your bookkeeping software, you'll need to enter the ending balance and statement date.



Steps *for* a Bank Reconciliation



RECONCILE EACH TRANSACTION

Go through each transaction shown on your bank statement (deposits, withdrawals, checks, fees, and interest) and make sure the amount and date have been recorded correctly.



ADJUST FOR PENDING TRANSACTIONS

You may have outstanding checks or uncleared deposits that aren't reflected on your bank statement yet. Make any necessary adjustments during this step!



CLEAR ANY DISCREPANCIES

Finally, select all the transactions for the period and click reconcile. You should see a \$0 balance. If you don't, go back to step 4!





Troubleshooting

**BEGINNING
BALANCES
DON'T MATCH**

Review your bookkeeping to find the last period that you **did** have a match. Then, start the reconciliation process from the following period.

**MISSING AN
EXACT AMOUNT
FROM THE BANK
STATEMENT**

Confirm that you entered the transaction in your books. If you did, confirm that the date is correct and it's not recorded in the wrong period.

**MY BALANCES
ARE OFF BY A
WEIRD AMOUNT**

Transposing your numbers can lead to a reconciliation difference that doesn't match a transaction amount. Double-check your amounts!





Troubleshooting

**MY BALANCE IS
OFF BY DOUBLE
AN AMOUNT**

You've likely recorded a duplicate transaction. Once you've confirmed this to be true, remove one of the transactions.

**CLEARED
DEPOSITS ARE
HIGHER ON MY
BOOKS**

You may have recorded a recent deposit that hasn't cleared your bank statement yet.

**WITHDRAWALS
DON'T MATCH
THE BOOKS**

If your withdrawals are higher on your books than the amount shown on your bank statement, you may have outstanding checks.



Need *help* reconciling?



You're in luck!

At UltraPrecise Tax & Accounting Service, *We Do Your Books, So You Can Do Your Business.*

Become your tax accountant's **favorite client** by having clean, reconciled books ready for them!



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Let's *work* together!



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