

**Excel & Business Math**  
**Video/Class Project #27**  
**Checks and Bank Reconciliation**

**Topics**

1) Define a Check.....	2
2) Canceled Check: .....	2
3) What is an electronic photo of a canceled check that you obtain? .....	2
4) Parts of a check: .....	3
5) Types of Endorsements on Checks:.....	4
6) Define Terms for Bank Statements and Bank Reconciliation:.....	5
7) What is Bank Reconciliation? .....	5
8) Why Bank Reconciliations? .....	5
9) Goal of Bank Reconciliations .....	5
10) View Two Sheets in Same Workbook at Same Time .....	6

### 1) Define a Check

A check is a written, dated, and signed negotiable instrument that contains an unconditional order from the Payor that directs a bank to pay a definite sum of money to a payee.

### 2) Canceled Check:

Check that has been processed, and stamps on back of check indicate that payment has been made. Canceled check is not a void check, it is the term used to say that payment has been made. Here is a picture of two canceled checks, front and back:



### 3) What is an electronic photo of a canceled check that you obtain?

- Record of business transaction
- Proof that you paid someone
- You can request photos of checks or electronic payments from your bank.

#### 4) Parts of a check:

Sioux's Accounting  
3985 14th Ave. S.  
Seattle, WA 98106

No. 4025  
66-420  
1210

Date 2/14/18  
Amount \$158.70

PAY TO THE ORDER OF: Home Depot

Amount One Hundred Fifty Eight Dollars And Seventy Cents

Boeing Employees Credit Union  
12770 Gateway Dr.  
Tukwila, WA 98168

By Sioux RadCoolinator

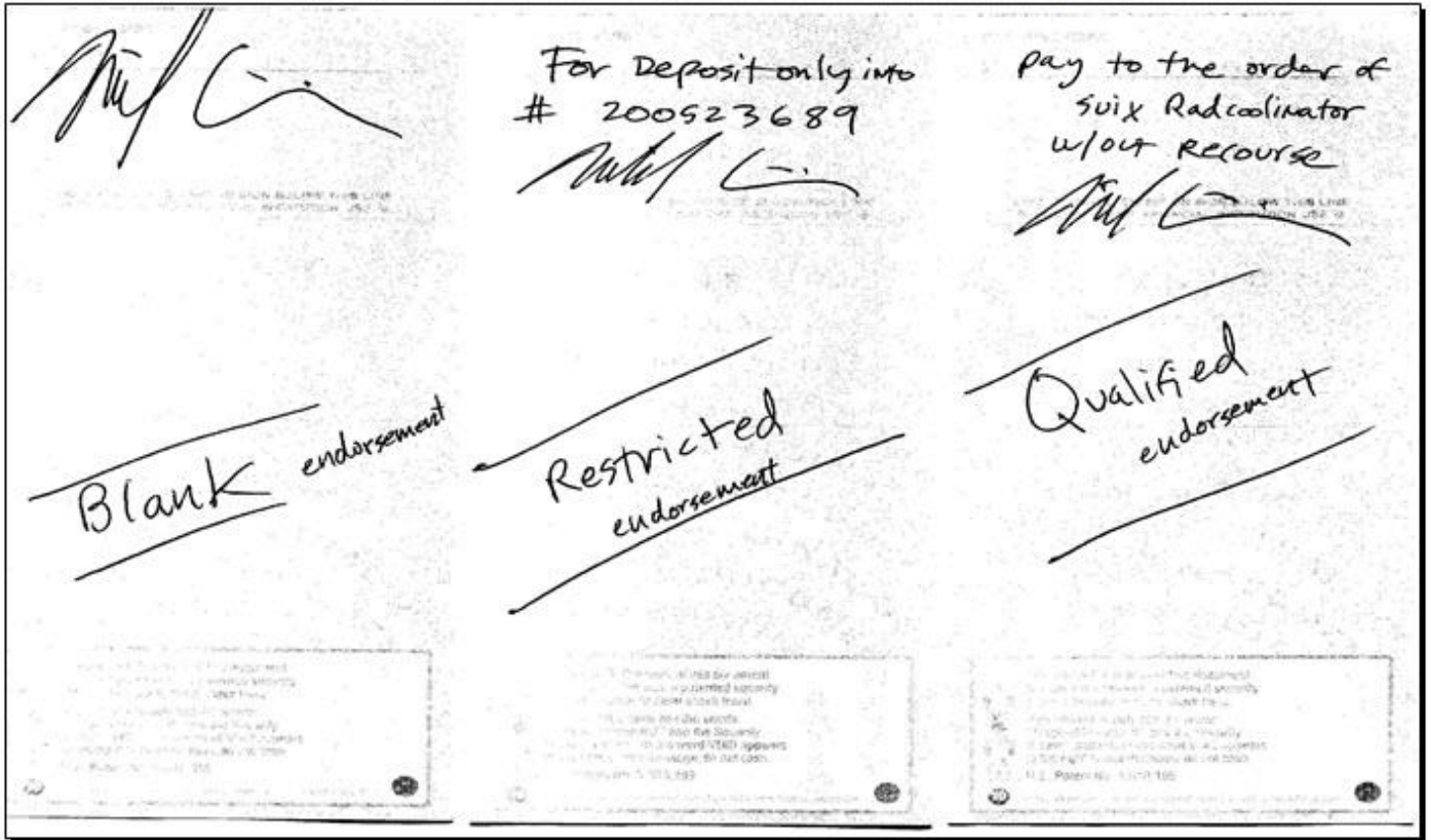
Memo Purchase Desk

1210 0420 6005655960 4025

1. **Payor's printed address.**
2. **Checking Number.** Every check in your checking book will have a unique, sequential check number. The unique, sequential check number helps you to track checks for your Bank Reconciliation and to help identify if a transaction is missing.
3. **Date.** On this data or after, the money can be transferred from your account (payor) to the payee's account
4. **Bank identification code (ABA transit number).** Numerator: City & State of Bank. Denominator: Federal Reserve District and Bank.
5. **Pay to The Order Of.** Payee's name. This is the person receiving the money.
6. **Number Amount.** Write out in numbers the amount of the check.
7. **Written Amount.** Clearly write the check amount in words. You want to use words for the dollars and cents. Words supersede numerals for amount
8. **Bank address.**
9. **Memo.** The memo is optional, state the purpose of the payment.
10. **Signature Line.** Sign the check with your name. Without a valid signature of the check holder another bank won't accept the check. Should match signature on signature card that the bank holds. The back of the check is where the payee will sign their name before depositing the check.
11. **Routing Number.** This is the ABA transit number.
12. **Your bank account number.**
13. **Check number.** This is simply your checking number displayed again, the same as seen in #2.

5) Types of Endorsements on Checks:

Types of Endorsements	
<b>Restrictive endorsement</b>	Restricts or limits further transfer of title Example: "for deposit only"
<b>Blank endorsement</b>	Signature of payee only – does not restrict further transfer
<b>Special endorsement</b>	"Pay to the order of..."
<b>Qualified endorsement</b>	"Without recourse" Frees endorser (original payee) from future liability if drawer does not honor the check



## 6) Define Terms for Bank Statements and Bank Reconciliation:

1. **ATM/Debit Card:** Allows you to login to an ATM machine and conduct banking transactions like, withdraw cash, deposits, check balances, transfer fees, etc. No fees at bank's ATM, can be as \$3 on other banks machines.
2. **Online Banking:** go online to make payments, transfer funds, and much more.
3. **Electronic Payments or Transfers:** Examples: Bill Pay, Money Transfers between accounts, Money Transfers to a business in a different country
4. **Receive Funds Electronically:** For example: receive money from a customer or a Bank Wire Transfers (like from different country)
5. **NSF:** Nonsufficient funds to cover a **withdrawal** from your account ("Bounced Check", automatic bill pays, etc.) - fees can be as high as \$25, \$35.
6. **Improperly Filled Out Check:** Check returned because it is not filled out correctly - fees can be as high as \$25, \$35.
7. **Returned-Deposit item:** NSF for a check you try to **deposit** that came from someone else - fees about \$25.
8. **Stop-Payment order:** You request a stop payment on a check you wrote - fees about \$30.
9. **Cashier's Check:** Check written by the bank (like cash) - about \$10.
10. **Money Order:** Purchase instrument similar to cash - about \$5.
11. **Deposits In Transit:** Deposits that we have made that the bank has not received yet.
12. **Outstanding checks:** Checks that the business has written that have not arrived at the bank yet

## 7) What is Bank Reconciliation?

- It is the process of verifying that the bank's record of the account cash balance matches your records of your account cash balance.

## 8) Why Bank Reconciliations?

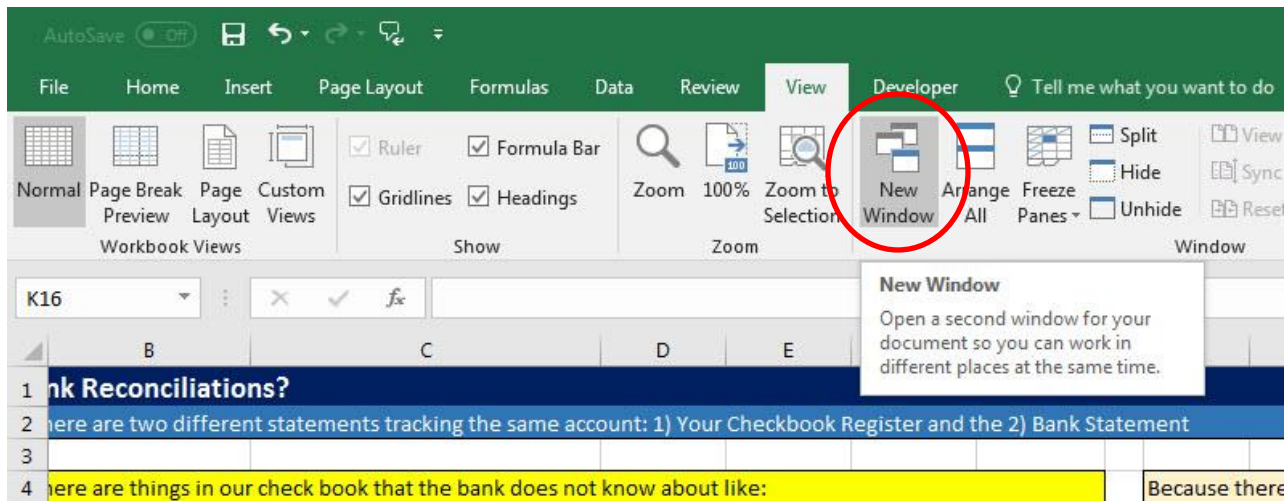
- Anytime you have a checking account or savings account at a bank, there are two different entities that track the same account cash balance, and because of timing differences, like when you mail a check, or the bank posts a service charge or interest payment, there can be differences between what your records say the cash balance should be and what the bank's records say the cash balance should be.

## 9) Goal of Bank Reconciliations

- The goal of bank reconciliation is to adjust the balances in both sets of records so that they match in what is called an "Adjusted Balance". This is done by finding the items on the bank statement that are not in your records and then put them into your records to calculate an "Adjusted Checkbook Balance", and then finding the items in your records that are not on the bank statement and then put them into the bank statement to calculate an "Adjusted Bank Balance". When you have an Adjusted Checkbook Balance and Adjusted Bank Balance that match, the Bank Reconciliation is successful.

## 10) View Two Sheets in Same Workbook at Same Time

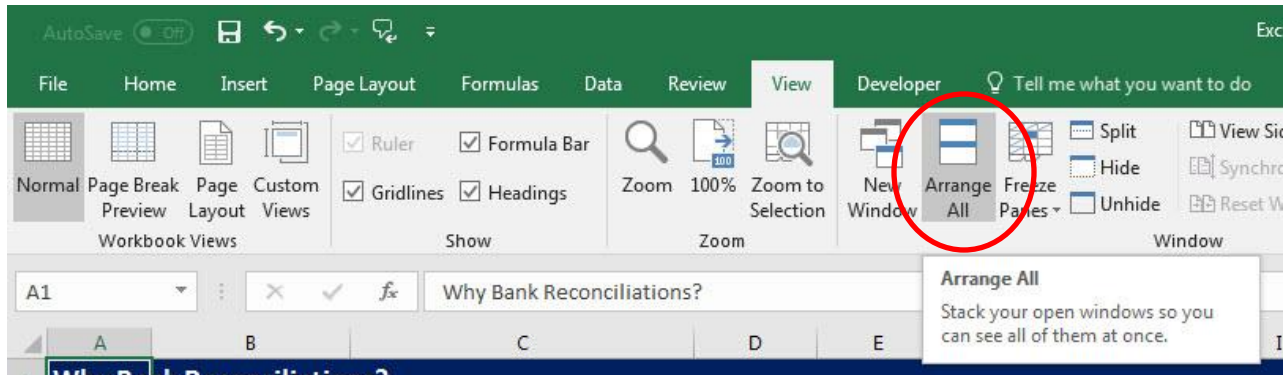
**Step 1:** To open a second copy of the same workbook: In View Ribbon Tab, in Window group, click the New Window button



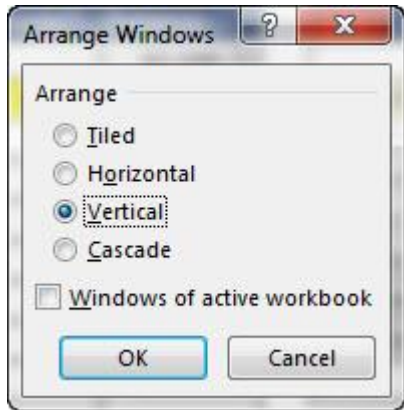
**Step 2:** Notice that a second window has opened, and the title bar shows a Number "2" to indicate that this is the same workbook, but opened a second time.



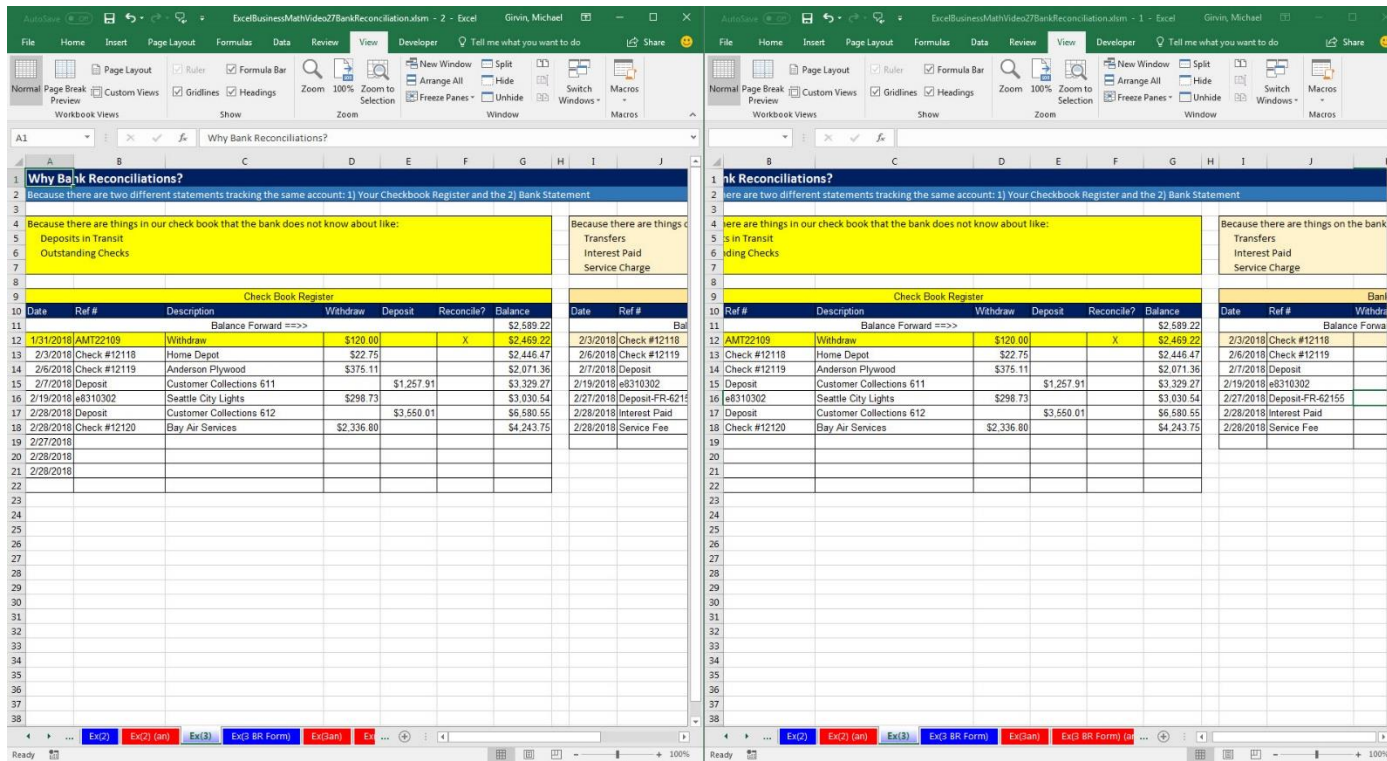
**Step 3:** To show the second copy of the workbook next to the first copy of the workbook, In View Ribbon Tab, in Window group, click the Arrange All button



**Step 4:** In the Arrange Windows dialog box, click Vertical so that you can see the two copies of the same workbook side-by-side.



**Step 5:** This is how it appears after you arrange the workbooks vertically. We can see the same worksheet in both windows. This is not a different sheet. It is the same sheet show two different times. If you type in one sheet, it will appear in the other.



**Step 6:** Click on a different sheet so that you can see and work between two different sheets in the same workbook. You can adjust the size of the windows as needed.

**You can adjust the size of the windows as needed**

**Click on a different sheet so that you can see and work between two different sheets in the same workbook**

Check Book Register						Bank Statement							
Date	Ref #	Description	Withdraw	Deposit	Reconcile?	Balance	Date	Ref #	Withdraw	Deposit	Reconcile?	Balance	
Balance Forward ==>>						\$2,589.22	Balance Forward ==>>						\$2,469.22
1/31/2018	AMT22109	Withdraw	\$120.00		X	\$2,469.22	2/3/2018	Check #12118	\$22.75		X	\$2,446.47	
2/3/2018	Check #12118	Home Depot	\$22.75			\$2,446.47	2/6/2018	Check #12119	\$375.11			\$2,071.36	
2/6/2018	Check #12119	Anderson Plywood	\$375.11			\$2,071.36	2/7/2018	Deposit		\$1,257.91		\$3,329.27	
2/7/2018	Deposit	Customer Collections 611		\$1,257.91		\$3,329.27	2/19/2018	e8310302	\$298.73			\$3,030.54	
2/19/2018	e8310302	Seattle City Lights	\$298.73			\$3,030.54	2/27/2018	Deposit-FR-62155		\$7,624.50		\$10,655.04	
2/28/2018	Deposit	Customer Collections 612		\$3,550.01		\$6,580.55	2/28/2018	Interest Paid		\$2.47		\$10,657.51	
2/28/2018	Check #12120	Bay Air Services	\$2,336.80			\$4,243.75	2/28/2018	Service Fee	\$1.25			\$10,656.26	

**Step 7:** To close the second copy of the workbook, use the close X in the upper right corner of the title bar. Be sure to click Save to save your work.