Bank Reconciliation: Explain Every Difference

Accounting | Foundation | 30-45 minutes (estimate) | Cash ledger and debit / credit basics

Worked reconciliation

Bank side / USD	Adjustment
Statement closing balance	18,140
D-930 deposit in transit	+4,000
P-930 outstanding payment	-1,100
E-930 confirmed bank error	+100
Adjusted bank	21,140

Ledger side / USD	Adjustment
Ledger closing balance	21,410
F-930 bank fee	-60
C-930 direct receipt	+500
R-930 returned receipt	-800
P-920 correction of excess credit	+90
Adjusted ledger	21,140
Bank less ledger residual	0.00

The source records sum to their stated closing balances: $21,410 in the ledger and $18,140 at the bank. Net bank-side adjustments are +$3,000; net ledger-side adjustments are -$270. Both adjusted balances equal $21,140.

Correcting journal entries

Reference	Debit	Credit
F-930	Bank fee expense $60	Cash $60
C-930	Cash $500	Accounts receivable $500
R-930	Accounts receivable $800	Cash $800
P-920	Cash $90	Accounts payable $90

Total debits and credits are each $1,450. Net cash effect is $500 + $90 - $60 - $800 = -$270. P-920 restores both the excess cash credit and the excess payable debit; do not book a new expense. C-930 collects an existing receivable, so recognizing revenue again would double count it.

Review note

D-930 and P-930 are timing differences already recorded correctly; no second entry is needed. Keep the 1 and 2 October clearing evidence. Add E-930 back to the bank side and obtain the bank correction; the confirmed bank error is not a company expense. Post the four ledger corrections with supporting evidence. Assign Accounts receivable follow-up for the returned $800 receipt. Matching adjusted balances do not, by themselves, prove all ledger accounts are correct.

Scoring rubric - 100 points

Dimension	Points	Awarding guidance
Calculation	40	Source closing totals 6; bank-side adjustments 9 (3 each); ledger-side adjustments 12 (3 each); both adjusted balances 5; balanced journal amounts 8 (2 per entry).
Classification	25	Timing versus bank error 9 (3 each); correct debit / credit accounts and reasons 12 (3 per entry); no duplicate revenue for C-930 4.
Controls / audit trail	20	References and evidence 6; formula residual 6; journal balance check 4; traceable formulas without plugs 4.
Communication	15	Clear conclusion 5; clearing / bank correction follow-up 6; returned-receipt collection follow-up 4.

Use a $0.01 tolerance. Give partial credit for a correct method after one input mistake and avoid repeatedly deducting for that same error. Equivalent account names are acceptable where the economic treatment is identical. A zero reconciliation with unjustified entries does not earn classification credit. No universal passing score is prescribed.

Common mistakes and staged hints

Mistakes: posting the deposit or outstanding payment twice; treating the direct receipt as revenue; expensing the bank’s error; crediting Cash for the $90 correction; accepting a zero residual with unmatched supporting records.

Hint 1: match records by reference, not just amount. Hint 2: ask which record needs correction or is waiting for processing. Hint 3: the P-920 ledger amount reduced both Cash and Accounts payable too much; reverse only the excess.

Instructor use

Suggested 45-minute session: 8 minutes on the smaller example, 20 minutes matching and reconciliation, 10 minutes journal review, 7 minutes on evidence and follow-up. This is an untested timing estimate. For beginners label the side for each item; for stronger students remove those labels from a classroom copy while retaining all evidence.

Before class, open the student and solution workbooks in the intended application and check recalculation. Ask students why two matching adjusted balances do not guarantee correct account classification. Worked solutions are public learning aids, not secure exam answers. Do not treat this exercise score as a validated hiring prediction.

21 September 2026 | AI-assisted original synthetic case. Expert review and native Excel / Sheets testing pending. Local draft; usage permissions pending approval.