

Veco User Guides – First Bank Reconciliation

Introduction

When migrating to “Veco” from a different system (or manual system) it is not practical to transpose years of “line-by-line” historic financial data. Therefore, opening balances should be prepared from the existing system and a final bank reconciliation completed as at a proposed “migration date”, which can then be verified on Veco after opening balances and transactions have been entered.

Where multiple bank accounts are used the processes highlighted in this document should be repeated for each account.

Migration Date

This is the last date on which postings are to be made on the existing system and the date at which the balance reports are prepared.

Final Balances from Existing System

The following balances should be prepared from the existing system. In each case, these should be supported by itemised reports.

A. Total Cash Book Balance (Landlords)

The total cash book balance made up of the closing balances of all landlords.

If final statements have been prepared for all landlords prior to the move to Veco, these balances would be the closing (or carried forward) cash balance from the statements.

B. Total Cash Book Balance (Tenancy Deposits)

The total cash book balance made up of the deposit balances of all tenancies (where deposits are held in the same bank account).

C. Actual Bank Account Balance as at migration date

The actual bank account opening balance as at the migration date.

D. Un-reconciled Receipts Balance

Total of all receipts that have been posted on the cash book but have not actually appeared on the bank statement. This could refer to cheques that have been logged on to an existing system but not cleared the bank.

E. Un-reconciled Payments Balance

Total of all payments that have been posted on the cash book but have not actually appeared on the bank statement. This could refer to cheques that have been issued to suppliers or landlords/tenants that have not been presented and therefore have not appeared on a bank statement.

F. Arrears Balance

Total of all tenant arrears as at the migration date. These are monies owed by tenants for rent or deposit, etc.

G. Credit Balance

Total of all tenant credit rent account balances. These are monies where a tenant has made an overpayment of rent (or other such items).

Opening Balances

The following opening balances (from above) should be entered onto Veco:

- Opening cash book balance for each landlord (ie rent account balance)

Taken from the list of balances (A) and entered as individual “Cash Book Receipt (CBR)” transactions. Use the same Banking Reference for each transaction (eg OPENLANDBAL) This will be relevant later.

- Opening cash book balance for each tenancy (ie deposit balance)

Taken from the list of balances (B) and entered as individual “Cash Book Receipt (CBR)” transactions. Use the same Banking Reference for each transaction (eg OPENTENBAL) This will be relevant later.

- Opening arrears balance for each tenancy (eg rent arrears)

Taken from the list of balances (F) and entered as individual “Sales Ledger Invoice (SLI)” transactions.

- Opening credit balance for each tenancy (eg rent overpayments)

Taken from the list of balances (G) and entered as individual “Sales Ledger Receipt (SLP)” transactions.

Additionally, any unpaid supplier invoices should also be posted to Veco as individual “Purchase Ledger Invoice (PLI)” transactions against each supplier.

Un-reconciled Balances

To track un-reconciled bank items (ie items that have not appeared on a bank statement) a “Suspense Account” should be added to Veco. It should be called something like “Previous System Unreconciled Bank Items”

The following should be entered onto Veco and posted against the suspense account:

- Un-reconciled receipts

Taken from the list of un-reconciled receipts (D) and entered as individual “Cash Book Receipt (CBR)” transactions. Use a unique Banking Reference for each item.

- Un-reconciled Payments Balance

Taken from the list of un-reconciled receipts (E) and entered as individual “Cash Book Payment (CBP)” transactions. Use a unique Banking Reference for each item (eg a cheque number).

Note: These un-reconciled items must not be posted against the individual landlord/tenant accounts as they have already been taken into account in the opening balances (A, B and G).

Additionally, a single transaction needs to be entered into the suspense account to balance (contra) this account to zero otherwise this will make balances (A) incorrect. This is posted as a “Cash Book Receipt (CBR)” transaction. Use a unique Banking Reference for this item (eg OPENSUSBAL).

Final Bank Reconciliation on Existing System

The final bank reconciliation on the existing system should produce the following summary taken from the figures above:

Closing Cash Book Balance (A + B)
Un-reconciled Receipts Balance (D)
Un-reconciled Payments Balance (E)
Closing Bank Account Balance (C)

Where $C + D - E = A + B$

First Bank Reconciliation on Veco

To complete the first bank reconciliation on Veco carry out the following:

- Navigate to the tree menu option “Account Procedures : Bank Reconciliation”
- Select the relevant Bank Account from the drop-down list
- Click “Add New”
- At the top of the screen enter a “Statement Date” – this will be the “migration date”
- Click “Refresh”
- Enter a “Statement Balance” – this will be the closing bank account balance (C)
- Tick off the “Batch Receipts” item (OPENLANDBAL)
- Tick off the “Batch Receipts” item (OPENTENBAL)
- Tick off the balancing item from the suspense account (OPENSUSBAL)
- This should give a “Bank Rec Difference” balance of 0.00 (zero) indicating that the bank reconciliation is verified against the final reconciliation from the existing system.
- Click “Finalise”

This completes the first bank reconciliation from Veco.

Going forward, as receipts and payments are entered onto Veco and appear on a future bank statement they can be ticked off in the same way. Also, when any of the previously un-reconciled items eventually appear on a bank statement they can be ticked off.

Out of Balance Veco Bank Reconciliation

Should the Veco Bank Reconciliation not balance to 0.00 (zero) this indicates either a problem with one of the opening balances or an item has been incorrectly ticked (or not ticked).

If it is not possible to track this down use the suspense account to post the “Bank Rec Difference” as either a “Cash Book Receipt (CBR)” or “Cash Book Payment (CBP)” transaction. This can then be ticked off on the Bank Reconciliation screen so the process can be finalised. Any bank interest or charges which do not refer to any individual landlord or tenant can be posted the same way against specific suspense accounts (eg “Bank Charges”).

Worked Example

Consider an existing system with four landlords. At “Migration Date” preparation of final statements from the old system resulted in the following:

	Landlord L1	Landlord L2	Landlord L3	Landlord L4
Opening Balance	0.00	300.00	0.00	0.00
Rent Received	500.00	660.00	700.00	400.00
Fees @10%	-50.00	-66.00	-70.00	0.00
Repair Invoice	-125.00	0.00	0.00	0.00
Payment to Landlord	-325.00	-594.00	0.00	0.00
Retained	0.00	300.00	0.00	0.00
Closing Balance	0.00	300.00	630.00	400.00

The Bank Statement as at close of play before migration was as follows:

Date	Description	Payment	Receipt	Balance
1 st	Opening Balance			300.00
2 nd	Rent Received L1 standing order		500.00	800.00
	Rent Received L2 standing order		660.00	1460.00
	Rent Received L3 standing order		700.00	2160.00
3 rd	BACS Payment Fees	186.00		1974.00
4 th	Payment to Landlord L1	325.00		1649.00
5 th	Closing Balance			1649.00

The rent received for landlord L4 was received by cheque on 5th and not yet banked. The 400.00 was posted to the system and is therefore taken into account in the cash book but has not been processed.

The repair invoice for 125.00 was sent to the supplier as a cheque and has not yet been cashed.

The payment to landlord L2 for 594.00 was made by cheque and has not yet been cashed.

The following bank reconciliation was completed on the existing system prior to migration:

Cash Book Balances			
Landlord L1	0.00		
Landlord L2	300.00		
Landlord L3	630.00		
Landlord L4	400.00		
Total Cash Book Balance (A)		1330.00	
Closing Bank Account Balance (C)		1649.00	
Un-reconciled Receipts			
Rent Received L4	400.00		
Total Un-reconciled Receipts (D)		400.00	
Un-reconciled Payments			
Repair Invoice L1	-125.00		
Payment to Landlord L2	-594.00		
Total Un-reconciled Payments (E)		719.00	

From above:

$$C + D - E = A + B$$

Therefore, 1649.00 + 400 – 719 = 1330.00

The existing Bank Reconciliation is in balance.

The following transactions are posted to the Veco system:

Transaction Type	Description	Posted To	Amount	Banking Reference
CBR	"Balance Bfw"	L2	300.00	OPENLANDBAL
CBR	"Balance Bfw"	L3	630.00	OPENLANDBAL
CBR	"Balance Bfw"	L4	400.00	OPENLANDBAL
CBP	"Repair Invoice"	SUSPENSE	-125.00	Cheq12345
CBP	"Landlord Payment"	SUSPENSE	-594.00	Cheq12346
CBR	"Rent"	SUSPENSE	400.00	CheqFromTenantL4
CBR	"To Balance Suspense"	SUSPENSE	319.00	OPENSUSBAL

Ledger Balances (Cash Book) would show:

L1	0.00
L2	300.00
L3	630.00
L4	400.00
SUSPENSE	0.00
Total	1330.00 (Balancing to A)

The following items are ticked on the Veco Bank Reconciliation procedure:

Reconciled?	Description	Amount	Banking Reference
Yes	"Batch Receipts"	1330.00	OPENLANDBAL
No	"Repair Invoice"	-125.00	Cheq12345
No	"Landlord Payment"	-594.00	Cheq12346
No	"Rent"	400.00	CheqFromTenantL4
Yes	"To Balance Suspense"	319.00	OPENSUSBAL

Statement Date:	5 th
Closing Statement Balance:	1649.00
Items Reconciled:	1649.00 (Balancing to C)
Difference:	0.00

First Ever Veco Bank Reconciliation

If Veco has been used for a while but a Bank Reconciliation has never been attempted, but a manual bank reconciliation has been prepared the process is similar to that discussed above:

- Decide upon a date you wish to start reconciling (eg 31st March)
- Take the closing balance on the actual bank statement for 31st March
- In the Veco Bank Reconciliation enter the Statement Date as 31st March
- In the Veco Bank Reconciliation enter the closing balance from the bank statement
- Tick all items up to and including 31st March
- Untick any items dated after 31st March
- Note the “Bank Rec Difference” shown on the screen
- Create a “Suspense Account” called “31st March Bank Rec”
- Post into the suspense account any cheques/outgoings that have not yet appeared as CBR/CBP transactions, together with a contra CBR so that the suspense account balances to zero. This should reflect the bank rec difference. If this contra doesn’t represent the difference adjust it so that it does. This will mean that the suspense account does not balance to zero, but this difference may come to light in the future.
- Tick only the “contra” transaction from the suspense account on the Bank Reconciliation screen
- With the Difference now zero, “Finalise” the Bank Reconciliation

What will be left unticked on the bank reconciliation screen will be items dated after 31st March together with un-reconciled items from before 31st March which can be reconciled as they appear on future bank statements.