

**Key Point**

# Cheques



A cheque is a written instruction, which tells a bank to transfer the amount stated into another persons account. The counterfoil is the part of the cheque, which stays in the cheque book to remind you to whom each cheque was paid, the date, why the money was paid and the amount. The counterfoil can be compared to your bank statement.

**Completing the document:****Every cheque needs to include:**

1. **Name of the bank** and the **address** of the branch in which the account is held.
2. **Bank Sort Code**; these are the numbers on the top right of the cheque and which are repeated again at the bottom.
3. **Customers Bank Account Number** – this is the long number found across the bottom of the cheque.
4. **Cheque Number** – this is found at the bottom of the cheque.
5. The **account holder's name** – this is found under the section that you sign.
6. '**Account Payee Only**' – this is found written between 2 vertical lines on a cheque. When this appears on a cheque, we say the cheques is 'crossed'. This means that the only way a cheque can be cashed is when it is lodged into the account of the person to whom the cheque is made out.
7. **Date** when you are writing the cheque.
8. **Payee** – the name of the person to whom you are writing the cheque.
9. The **Amount to be paid** – written in numbers and figures.
10. **Signature** of the person who owns the bank account. This person is called the drawer.

**Look out for the following mistakes**

- Wrong Date.
- Mismatch between the amount in writing and in figures.
- Alterations on the cheque after they have been completed.
- No signature.
- Insufficient funds in the drawers account to cover withdrawal.

