

# Ideas for your manual bookkeeping system

*Expert knowledge means success*

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**Note:** This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

## Introduction

New and developing businesses need to ensure that they have an effective bookkeeping system. Whilst computers are in great use these days, there is still a niche for the manual bookkeeping system and this publication has been drawn up to assist you in establishing a system outside the computer environment.

The guidelines in publication are designed to help you in setting up a manual bookkeeping system for your business.

## Petty Cash

A Collins Cathedral Analysis Book (type 1/11.1) or similar will be needed to record all the petty cash payments of the business.

DEBIT (left hand side)		CREDIT (right hand side)						
Date	Receipts	Date	Voucher No.	Total Payments	VAT	Motor and Travelling	Postage and Stationery	Repairs and Renewals
_____	_____	_____	_____	_____	_____	_____	_____	_____

Other columns on the credit side should be headed up with descriptions of the other most frequent payments made from petty cash, the final column being a sundry column for expenses, which do not fall under the other headings.

Each payment from petty cash should be supported by a sequentially numbered petty cash voucher, which should be signed by the person authorising the payment. All receipts obtained for petty cash payments should be stapled to the back of the petty cash voucher. The petty cash vouchers should then be filed in numerical order on a ring file.

Any cash receipts should be banked intact and not used for petty cash expenditure. Initially a cash cheque for £x should be drawn for petty cash and at the end of each week a further cheque should be drawn equal to the week's petty cash expenditure to return the value of the cash in hand to the predetermined float. Periodically the cash in hand should be checked with the balance shown by the petty cash book.



## Purchases

To record all invoices which the business receives from its suppliers etc., use a Collins Cathedral Analysis Book (or similar) with at least 20 columns.



The columns in the Purchase Day Book should be headed up as follows:

Date	Supplier	Invoice No.	Ledger No.	Total	VAT	Purchases	Motor & Travelling	Light & Heat	Other
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Note: The other columns should be headed up with descriptions of the other most usual types of invoices, the final column being a sundry column for invoices which do not fall under the other headings

When an invoice has been received, checked and approved, the invoice should be numbered, filed in numerical sequence and the details of the invoice entered in the Purchase Day Book. The total of the invoice should then be posted to the suppliers account in the Purchase Ledger.

At the end of each month the Purchase Day Book should be totalled and ruled off.

A Twinlock 2.5c ledger with double cash ruling is ideal to head up with an account for each supplier. The total of each invoice entered in the Purchase Day Book should then be entered on the right hand side of the suppliers account as follows:

### R ROBOT LIMITED

Date	Cash Book Folio.	Amount	Date	Day Book Folio.	Amount
1.8.2003 cheque	08	£120.00	1.5.2002 Invoice 464	12	£120.00

At the end of each month a list of Purchase Ledger balances should be extracted from the Purchase Ledger and a Purchase Ledger control account prepared to prove the accuracy of the bookkeeping entries over the past month. The control account should be set out as follows:

Purchase Ledger balances at beginning of month		W
Purchase Day Book total for the month		Z
Total of Purchase Ledger Column in Cash Book for the month (i.e. cheque payments)	X	
Purchase Ledger balances at end of month	Y	
	<u>£X+Y</u>	<u>£W+Z</u>

## Sales

A Collins Cathedral Analysis Book (or similar) should be used to record all invoices to the customers of the business.

The columns in the Sales Day Book should be headed up as follows:

Date	Customer	Invoice No.	Ledger Folio	Total	Standard Rate VAT	Net Sales
_____	_____	_____	_____	_____	_____	_____

If the business requires a breakdown between the various items it sells the net sales column shown above should be replaced by various columns relating to the main sales areas of the Business.

When a sales invoice is prepared it should be numbered, filed in numerical sequence and the details of the invoice entered in the Sales Day Book. The total of the invoice should then be posted to the customers account in the Sales Ledger (see below). At the end of each month the Sales Day Book should be totalled and ruled off.

Use a Twinlock 2.5c Ledger (or similar) with double cash ruling, headed up with an account for each customer. The total of each invoice entered in the Sales Day Book should be entered on the left hand side of the customers account as follows:

				A. CUSTOMER LIMITED ACCOUNT NO. C5			
Date	Invoice No.	Day Book Folio	Amount	Date	Details	Cash Book Folio	Amount
1.1.03	25	2	100.00	1.2.02	Cheque	10	100.00
1.2.03	30	3	200.00	1.2.02	Deposit	10	40.00
				1.3.02	Cheque	12	160.00

At the end of each month a list of Sales Ledger balances should be extracted from the Sales Ledger and a Sales Ledger control account prepared to prove the accuracy of the book-keeping entries over the past month. The control account should be set out as follows:

Sales Ledger balances at beginning of month	W	
Sales Day Book total for the month	Z	
Total of Sales Ledger Column in Cash Book for the month (i.e. cheque payments)		X
Sales Ledger balances at end of month	_____	Y
	£W+Z	£X+Y

## Bank Cash Book

A Collins Cathedral Analysis Book (or similar) should be headed up as follows:

DEBIT (left hand side)							
Date	Receipts (Description)	Folio (Ref)	Sales Ledger	Cash Sales	Other Receipts		
_____	_____	_____	_____	_____	_____		
CREDIT (right hand side)							
Date	Ref/Chq. Number	Total	VAT	Purchases Ledger	Ref Number	Wages	Petty Cash
_____	_____	_____	_____	_____	_____	_____	_____

On the payments side of the Bank Cash Book, there should be entered all cheques issued by the business. At the end of each month all standing orders, direct debits and bank charges which have appeared on the bank statements during the month should also be entered in the cash book.

All payments relating to invoices which have been entered in the purchase day book should be analysed in the purchase ledger column in the Bank Cash Book. Each payment that has been analysed in the purchase ledger column should then be posted to the left hand side of the Customers account in the Purchases Ledger.

On the receipts side of the Bank Cash Book should be entered details of all amounts into the Business's Bank Account. All deposits and receipts relating to invoices that will be or have been entered in the Sales Day Book should be analysed in the sales ledger column in the Bank Cash Book. Each receipt that has been analysed in the sales ledger column should then be posted to the right hand side of the Customers account in Sales Ledger.

At the end of the month the Cash Book should be totalled and a reconciliation prepared between the balance at the bank shown by the Cash Book and the balance as shown by the bank statement. Assuming that the balance at the bank is not overdrawn the reconciliation should be set out below:

Balance as shown by the Cash Book	X
<b>Add:</b> Cheques which although in the Cash Book have not appeared on the bank statements yet.	Y
	<u>X+Y</u>
<b>Less:</b> Receipts which although in the Cash Book have not yet appeared on the bank statements	Z
<b>Balance as shown by the bank statement</b>	<b>X+Y-Z</b>

## Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

As previously mentioned, the guidelines in publication are designed to help you in setting up a manual bookkeeping system for your business. We can also advise you on setting up a computerised system if you prefer.

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