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3 Ledgers

Ledgers are used to assemble all the details about one customer, supplier, income, expense, asset, liability and owner's equity in one place. The information from the daybooks will be posted to an individual account in the appropriate ledger. Each daybook is used for a single month and then a new daybook is started for the next month. In the case of ledgers, each customer, supplier, etc., requires a separate sheet (ledger), and the same sheet is used until it is full and then another one is added. The information for each ledger account is therefore continuous.

When writing up the ledgers, we will be using the continuous balance method. The continuous balance method calculates the balance in an account each time an entry is made in that account. With this method there is no further calculation required in order to determine an account balance.

There are three ledgers used for posting the various daybooks to, namely:

Sales (Debtors') Ledger	–	Customer accounts
Purchases (Creditors') Ledger	–	Supplier accounts
Nominal (General) Ledger	–	Company accounts, i.e. income, expenses, assets, liabilities and owner's equity

Using the continuous balance method, all ledgers have three columns for entering money amounts: Debit (Dr), Credit (Cr) and Balance (Bal). It is essential that the amount be entered into the correct column and the correct method be used to calculate the balance as will be explained when dealing with each individual ledger.

Posting from the daybooks uses the double entry system. This means that every entry in the daybooks must be posted to two separate accounts in the ledgers. It must be posted once on the Debit side of an account and once on the Credit side of another account. In most cases the second posting will not be as an individual amount, but rather as a total from a daybook, but it is still being posted the second time.

An example of this double entry is when a sale is recorded to a customer. The sale is initially recorded in the sales daybook. This entry is subsequently posted on the Debit side of the customer's account in the Sales Ledger. The double entry in this case is that the goods sold to this customer are posted as

part of the Total Sales on the Credit side of the Sales account in the Nominal Ledger, and the VAT on this sale is posted as part of the Total VAT on the Credit side of the VAT account in the Nominal Ledger. Therefore the sale is posted twice, once as a Debit and once as a Credit. All entries in the daybooks will be posted twice and you should be able to trace the double entry of all entries in the daybooks.

Sales (Debtors') Ledger

The record of all invoices and credit notes issued to a customer are recorded in the Sales/Sales Returns Daybook. All of the receipts from customers are recorded in the Cash Receipts (Bank Lodgement) book. However, neither of these books indicate how much any individual customer owes or how much they bought over a period of time.

The Sales (Debtors') Ledger is used to keep a record of all credit customers (Debtors). Some businesses will also have an account named 'Cash Sale', which is used to record all cash sales. This account is treated as if it were a single customer, with entries recorded in the same way as they would be for any individual customer. All the entries in the sales daybook and the receipts from customers recorded in the Cash Receipts Book are posted to the Sales Ledger. Each customer has a separate page (sheet) in the Sales Ledger where all the sales and receipts for that particular customer are recorded. (All cash sales will be entered into a single account called 'Cash Sales'). This, then, is the next level of recording sales in the company.

We will now continue our work by posting the entries in the Sales/Sales Returns Daybook to the Sales Ledger.

TASK M-18

Post the first entry in the Sales/Sales Returns Daybook to the Sales Ledger.

You will require a sales ledger card (Source Documents page 191) for this task.

The source document for this task is the Sales/Sales Returns Daybook. Entries in the daybook should be posted to the Sales Ledger in date order. It is normal to post the entries in the cash receipts book at the same time so that the dates will be in order for each customer, but we will leave this until later.

The Sales Ledger has a number of columns as follows:

Date:	This is the date of the Invoice, Credit Note or receipt as entered in the daybook.
Details:	The details of the entry in the ledger, e.g.
	Sales Entry from the sales daybook. This entry may also contain the invoice number.
	Returns Entry from the sales returns daybook. This entry may also contain the credit note number.
	Receipt Entry of receipt from the cash receipts book. This entry may also contain the cheque number.
F:	This stands for folio and is the reference for this posting in the ledger. The folio indicates where this posting originated, e.g.
	SB Sales/Sales Returns Book
	CRB Cash Receipts (Bank Lodgement) Book
The folio is usually inserted when the entry is being posted to the ledger and may also contain a number that references that particular account in the Sales Ledger. Posting to ledgers will be explained later.	
Dr:	This stands for Debit and is the Debit amount of this posting. This is nearly always a sale. The amount is the total amount from the Total column.
	Note: Debit Sales in a Sales Ledger account
Cr:	This stands for Credit and is the Credit amount of this posting. This is usually either returns or a receipt of money. The amount is the total amount from the Total column.
	Note: Credit Receipts and Returns in a Sales Ledger account
Bal:	This stands for balance and is the running balance for this account. The balance is usually positive and is the amount that this customer owes us. It is calculated each time an entry is made in the ledger as follows:
	Bal = Previous Bal + Dr - Cr

Note:

In the Sales Ledger:
 Debits (Dr) are Positive +
 Credits (Cr) are Negative –

When you have completed this task, James Mahon's Sales Ledger should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC

Sales (Debtors') Ledger

Debtor (Customer): James Mahon

Date	Details	F	Dr	Cr	Bal
06/01/##	Sales (Invoice 100001)	SB	453.60		453.60

TASK M-19

Post the remaining entries in the Sales/Sales Returns Daybook to the Sales Ledger.

You will require a number of sales ledger cards (Source Documents page 191) for this task.

When a credit note is being posted the amount is posted in the Cr column. The amount is not placed in brackets, as the Cr column is a minus column in the sales ledger. The detail for a credit note would normally be "Returns (credit note no. #####)".

When all the individual entries in the Sales/Sales Returns Daybook have been posted, it is normal practice to post the totals to the nominal ledger, thereby completing the double entry. However, since we have not dealt with the nominal ledger yet, we will leave that task until later.

TASK M-20

Post the first entry in the Cash Receipts (Bank Lodgement) Book to the Sales Ledger.

The source document for this task is the Cash Receipts (Bank Lodgement) Book. The posting of the receipts from the cash receipts book is exactly the same as posting the Sales and Returns. Post the individual entries in the cash receipts book to the Credit column of the customers account in the Sales Ledger. Receipt amounts are posted in the credit column because they must be subtracted from the amount this customer owes the company.

Again it is normal practice to post the totals to the nominal ledger, thereby completing the double entry, but we will leave this until we are dealing with the Nominal Ledger.

When you have completed this task, James Mahon's Sales Ledger should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Sales (Debtors') Ledger			Debtor (Customer): James Mahon		
Date	Details	F	Dr	Cr	Bal
06/01/##	Sales (Invoice 100001)	SB	453.60		453.60
10/01/##	Receipt (cheque 204587)	CRB		453.60	0.00

TASK M-21

Post the remaining entries in the Cash Receipts (Bank Lodgement) Book to the Sales Ledger.

Completed Sales Ledgers

When you have completed this task, the remaining Sales Ledgers should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Sales (Debtors') Ledger			Debtor (Customer): The Electrical Shop		
Date	Details	F	Dr	Cr	Bal
07/01/##	Sales (Invoice 100002)	SB	1847.70		1847.70
21/01/##	Receipt (cheque no 215687)	CRB		1847.70	0.00

COMPANY NAME: J.P. MURPHY ELECTRIC					
Sales (Debtors') Ledger			Debtor (Customer): New Age Contractors		
Date	Details	F	Dr	Cr	Bal
09/01/##	Sales (Invoice 100003)	SB	4952.85		4952.85
13/01/##	Returns (credit note 100006)	SB		549.60	4403.25
22/01/##	Receipt (cheque no 272357)	CRB		4403.25	0.00

COMPANY NAME: J.P. MURPHY ELECTRIC

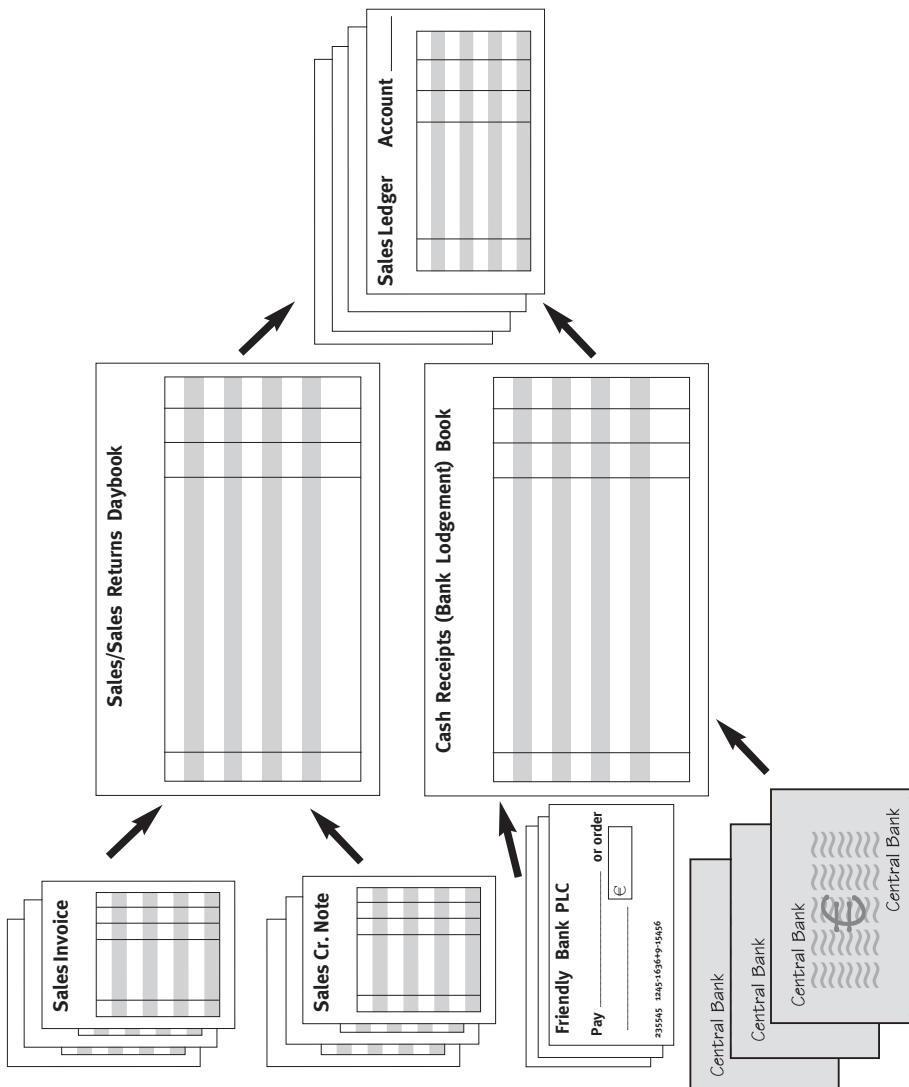
Sales (Debtors') Ledger

Debtor (Customer): Tomorrow's Electronics

Date	Details	F	Dr	Cr	Bal
12/01/##	Sales (Invoice 100005)	SB	4279.50		4279.50
25/01/##	Receipt (cheque no 467832)	CRB		4000.00	279.50

Summary Note

Sales Summary from Source Documents to Sales Ledger



Purchases (Creditors') Ledger

The record of all invoices and credit notes received from suppliers are recorded in the Purchases/Purchases Returns Daybook. All the payments made by the company are recorded in the Cash (Bank) Payments book. However neither of these books indicate how much the company owes any particular supplier or how much the company purchased from a supplier over a period of time.

The Purchases (Creditors') Ledger is used to keep a record of all suppliers (creditors). All the individual entries in the Purchases Daybook and the payments made to suppliers, recorded in the Cash (Bank) Payments book, are posted to the Purchases Ledger and the totals are posted to the Nominal Ledger. Each supplier has a separate page (sheet) in the Purchases Ledger where all the purchases and payments for that particular supplier are recorded. This, then, is the next level of recording purchases in the company.

We will now continue our work by posting the entries in the Purchases/Purchases Returns Daybook to the Purchases Ledger.

TASK M-22

Post the first entry in the Purchases/Purchases Returns Daybook to the Purchases Ledger.

You will require a purchases ledger card (page 192) for this task.

The source document for this task is the Purchases/Purchases Returns Daybook. Entries in the daybook should be posted to the purchases ledger in date order. It is normal to post the entries from the 'Creditors' column in the Cash Payments book at the same time so that the dates will be in order for each supplier, but we will leave this until later.

The Purchases Ledger has a number of columns as follows:

Date:	This is the date of the invoice, credit note or payment as entered in the daybook.
Details:	The details of the entry in the ledger, e.g.
	Purchases Entry from the Purchases daybook. This entry may also include an invoice number.
	Returns Entry from the Purchases Returns daybook. This entry may also include a credit note number.
	Payment Entry of payment from the Cash Payments book. This entry may also include the cheque number.
F:	This stands for folio and is the reference for this posting in the ledger. The folio indicates where this posting originated, e.g.
	PB Purchases/purchases returns Book
	CPB Cash (Bank) Payments Book

The folio is usually inserted when the entry is being posted to the ledger and may also contain a number that references that particular account in the sales ledger. Posting to ledgers will be explained later.

Note:

In the Purchases Ledger:
 Debits (Dr) are Negative -
 Credits (Cr) are Positive +

When you have completed this task, Solon International's Purchases Ledger account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Purchases (Creditors') Ledger			Creditor (Supplier): Solon International		
Date	Details	F	Dr	Cr	Bal
02/01/##	Purchases (Invoice 216457)	PB		6388.80	6388.80

TASK M-23

Post the remaining entries in the Purchases/Purchases Returns Daybook to the Purchases Ledger.

When a credit note is being posted the amount is posted in the Dr column. The amount is not placed in brackets, as the Dr column is a minus column in the purchases ledger. The detail for a credit note would normally be Returns (credit note no. #####).

TASK M-24

Post the first entry in the Cash (Bank) Payments Book to the Purchases Ledger.

The source document for this task is the Cash (Bank) Payments Book. The posting of the payments from the cash payments book is exactly the same as posting the Purchases and Returns. Payment amounts are posted in the debit column because they must be subtracted from the amount the company owes this supplier.

When you have completed this task, Solon International's Purchases Ledger account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Purchases (Creditors') Ledger			Creditor (Supplier): Solon International		
Date	Details	F	Dr	Cr	Bal
02/01/##	Purchases (Invoice 216457)	PB		6336.00	6336.00
13/01/##	Returns (Credit Note No: 5347)	PB	158.40		6177.60
27/01/##	Payment (cheque no: 200102)	CPB	6170.60		0.00

TASK M-25

Post the remaining entries in the Cash (Bank) Payments Book to the Purchases Ledger.

Completed Purchases Ledgers

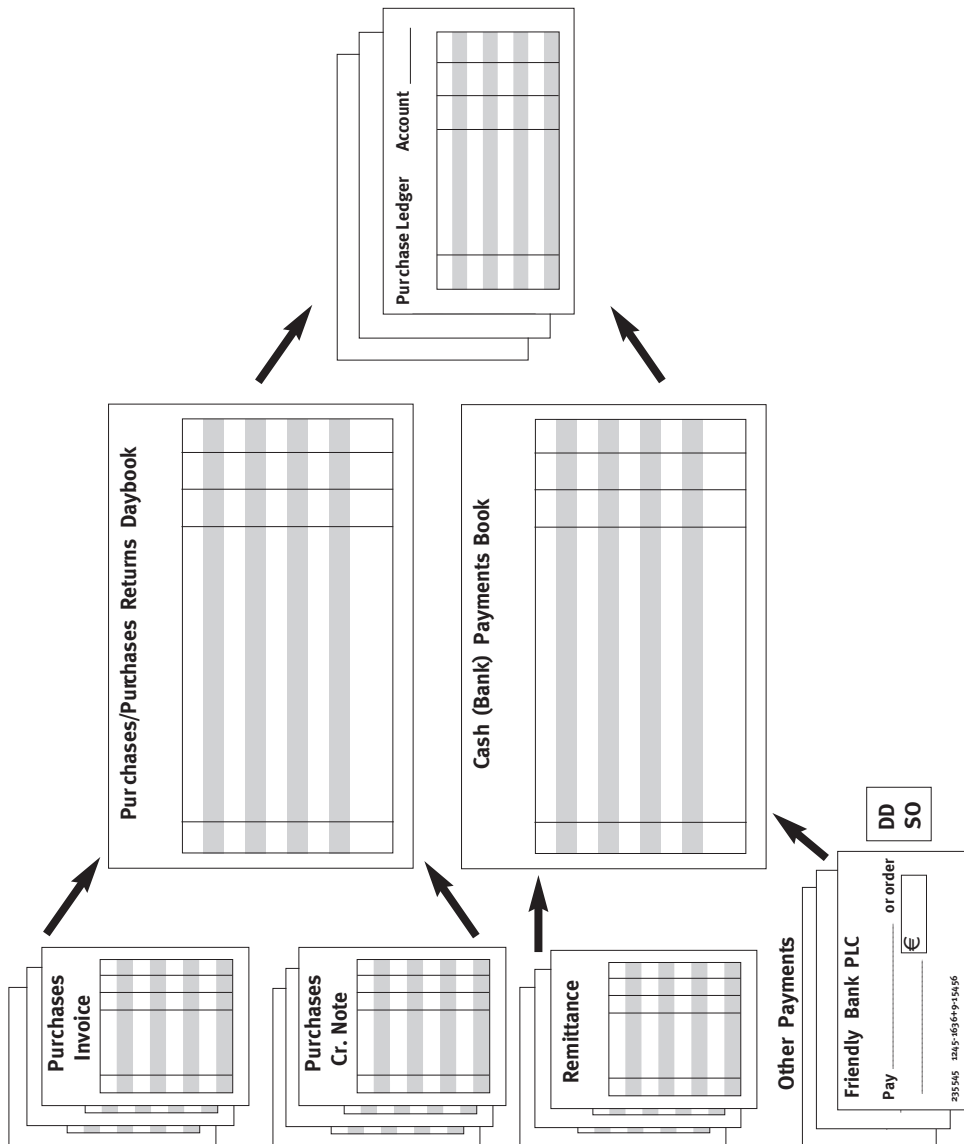
When you have completed this task, the remaining Purchase Ledgers should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Purchases (Creditors') Ledger			Creditor (Supplier): Philem Ireland		
Date	Details	F	Dr	Cr	Bal
03/01/##	Purchases (Invoice 78542)	PB		2376.00	2376.60
23/01/##	Payment (cheque no 200101)	CPB	2376.60		0.00

COMPANY NAME: J.P. MURPHY ELECTRIC					
Purchases (Creditors') Ledger			Creditor (Supplier): Modern Communications		
Date	Details	F	Dr	Cr	Bal
12/01/##	Purchases	PB		66.90	66.90

Summary Note

Purchases Summary from Source Documents to Purchases Ledger



Nominal (General) Ledgers

The Nominal (General) Ledger consists of a number of accounts that are used to record the income, expenditure, assets, liabilities and owner's equity in the company. Every transaction that occurs in the company must eventually be recorded in a nominal ledger. Figures are transferred from the daybooks and Sales and Purchases Ledgers. The figures are normally posted on a monthly basis and are usually totals for the month, as the individual figures will have already been entered in the Sales and Purchases Ledgers. The balance figures in the nominal accounts are used in producing a trial balance, which we will be doing later.

Nominal accounts will be one of five possible types: income, expense, asset, liability or owner equity, as shown in the table below. Each type of account will be either a Debit (Dr) or Credit (Cr) account. This means that if an account is a Credit account, then the balance in that account will normally be a Credit amount. If an account is a Debit account, then the balance in that account will normally be a Debit amount. However, a negative balance will result in a Debit account having a Credit balance instead of a Debit balance, and vice versa.

Examples of Nominal Accounts include the following:

TYPE	DR OR CR	EXAMPLES
Income	Cr	When goods or services are sold by a company, the monies received are referred to as 'income' and are recorded in an Income account. Examples of income accounts are: sales, repairs, income, rent received and investment income.
Expense	Dr	Any monies paid out by a business for the purchase of goods, materials or services required for the day to day running of the business are referred to as expenses and are recorded in an Expense account. Expense accounts may be divided into two categories: Cost of Sales This is a particular type of account that contains all monies paid out which relate directly to the cost of selling goods. Examples of these accounts are: purchases, packaging and delivery costs. Expense Any other monies paid out for services on a regular basis. Examples of these accounts are: electricity, telephone, rent paid, salaries paid, post, stationery, cleaning and miscellaneous expenses.

Asset	Dr	<p>All items or monies that are owned by the business are regarded as assets and are recorded in Asset accounts. Asset accounts may be divided into two categories</p> <p>Current Assets</p> <p>These are assets that relate to items that change on a regular basis, normally daily. Examples of asset accounts are: debtors, bank, petty cash and stock.</p> <p>Fixed Assets</p> <p>These are assets that the company owns, but which do not change regularly. Examples of fixed asset accounts are: machinery, fixtures & fittings and vehicles.</p>
Liability	Cr	<p>Any monies owed by a business at any time are referred to as liabilities and are recorded in a Liability account. Examples of liability accounts are: creditors, VAT payable, PRSI payable and bank overdraft.</p>
Owner Equity	Cr	<p>All monies invested in a business, and profits retained by the business, are recorded in an Owner Equity account. Examples of owner equity accounts are: capital, shares and retained profit.</p>

Calculating the Balance in an Account

Every time an entry is made in an account then the Balance must be calculated in a similar manner to the sales and purchases ledger. However in the case of the nominal ledger some accounts are credit accounts and some accounts are debit accounts. This means that before you calculate the balance you must firstly ascertain if the account is a debit or credit account. The various account types are shown in the above table.

In the case of Debit accounts, Debits are positive (+) and Credits are Negative (-).

In the case of Credit accounts, Credits are positive (+) and Debits are Negative (-).

Writing Up the Nominal (General) Ledger

The writing up of the Nominal Ledger is very similar to the Sales and Purchase Ledger, and we will be using the continuous balance method.

The Nominal Ledger has a number of columns into which entries should be made as follows:

Date:	The date of the entry in the ledger. This is usually the last day of the month.
Details:	The details of the entry in the ledger.
F:	This stands for folio and is the reference for this posting in the ledger, i.e. where this posting came from.
Dr:	If the account is a Debit account then the posting will normally have an entry in the Debit column.
Cr:	If the account is a Credit account then the posting will normally have an entry in the Credit column.
Bal:	This is the running balance for the account. The balance is usually positive and will be a Debit or Credit amount depending on the type of account. However, a negative balance will be indicated by placing the figure in brackets as in the daybooks, and usually by writing the letters Dr or Cr in the right margin to indicate that the balance is opposite what is usual for that type of account.

We will now proceed with the task of writing up the Nominal (General) Ledger Accounts. You will need a number of nominal ledger cards (Source Documents, page 193) for this task.

TASK M-26

Post the totals from the General Journal into the Nominal (General) Ledger.

This is the easiest daybook to transfer figures from because the figures are already written in the correct columns. When posting from the General Journal into the Nominal Ledger, debits are posted as Debits and credits are posted as Credits.

The first entry in the General Journal is Capital. This means that we need a Capital account.

When this entry is made, the Nominal (General) Ledger Capital Account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Capital		
Date	Details	F	Dr	Cr	Bal
31/01/##	Initial Capital Investment	GJ		15,000.00	15,000.00

The second entry is the Bank Current A/C so we need a Bank Current A/C account Nominal Ledger.

When this entry is made the Nominal (General) Ledger Bank Current A/C account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Bank Current A/C		
Date	Details	F	Dr	Cr	Bal
31/01/##	Capital Investment Lodged	GJ	14,900.00		14,900.00

The third entry is to Petty Cash. This is entered in the Petty Cash Account in the same way as the above.

When this entry is made the Nominal (General) Ledger Petty Cash account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Petty Cash		
Date	Details	F	Dr	Cr	Bal
31/01/##	Capital Kept for Petty Cash	GJ	100.00		100.00

We will now continue with the task of posting the Sales/Sales Returns Daybook to the Nominal (General) Ledger.

TASK M-27

Post the totals from the Sales/Sales Returns Daybook into the Nominal (General) Ledger.

The following totals must be posted to the Debit or Credit columns of the individual nominal accounts

VAT Total The VAT Payable account is a Credit account because it is a liability account and will normally have a credit balance. However, it is one of the accounts that will have entries in

both the Debit and Credit columns. The VAT total from the Sales/Sales Returns Daybook is posted in the Credit column as this is the VAT which is collected and is due to be paid to the collector general.

Note: VAT collected is Credit.

- Sales Total The Sales account is a Credit account, so the Sales total is simply posted to the Cr column of the Sales account.
- Repairs Total The repairs account is a Credit account so the Repairs total is simply posted to the Cr column of the Repairs account.

When you have completed this task the Sales account in the Nominal (General) Ledger should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Sales		
Date	Details	F	Dr	Cr	Bal
31/01/##	Total Sales (January ##)	SDB		8973.00	8973.00

The Repairs and VAT accounts will look similar to the Sales account.

Note:

The individual rows of the Sales/Sales Returns Daybook have already been posted to the individual debtors accounts in the Sales Ledger. This means that every entry in the sales/sales returns daybook has been posted to two ledger accounts, once on the Debit side and once on the Credit side.

The next task is to post the Purchases/Purchases Returns Daybook to the Nominal (General) Ledger.

TASK M-28

Post the totals from the Purchases/Purchases Returns Daybook to the Nominal (General) Ledger.

The following totals must be posted to the Debit or Credit columns of the individual nominal accounts

- VAT Total The VAT payable account is a Credit account as it is a liability account and will normally have a Credit

balance. However when posting from the Purchases/Purchases Returns Daybook, the amount is posted in the **Debit** column as this is VAT which the company has paid out and which it is reclaiming from the collector general. This amount is subtracted from the previous balance amount in order to obtain the Balance figure.

Note: VAT paid out is Debit.

Purchases Total	The purchases account is a Debit account so the Purchases total is simply posted to the Dr column of the Purchases account.
Electricity Total	The Electricity account is a Debit account so the Electricity total is simply posted to the Dr column of the Electricity account. Since there was no entry in the Electricity column you may skip this account until next month.
Telephone Total	The Telephone account is a Debit account so the Telephone total is simply posted to the Dr column of the Telephone account.
Fixture & Fittings	The Fixtures & Fittings account is a Debit Account so the Fixtures & Fittings total is simply posted to the Dr column of the Fixtures & Fittings account. Since there was no entry in the Fixtures & Fittings column, you may skip this account until next month.

When you have completed this task, the VAT account in the Nominal (General) Ledger should now look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: VAT Payable		
Date	Details	F	Dr	Cr	Bal
31/01/##	VAT on Sales (Jan ##)	SDB		1824.20	1824.20
31/01/##	VAT on Purchases (Jan ##)	PDB	1436.75		387.45

The Purchases Account should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Purchases		
Date	Details	F	Dr	Cr	Bal
31/01/##	Total Purchases (January ##)	PDB	7128.00		7128.00

The Telephone account is another expense account and therefore the figure will be posted in the Debit column and will therefore the account should look similar to the Purchases account.

Note:

The individual rows of the Purchases/Purchases Returns Daybook have already been posted to the individual creditors accounts in the Purchase Ledger. This means that every entry in the Purchases/Purchases Returns Daybook has been posted to two ledger accounts, once on the Debit side and once on the Credit side.

The next task is to post the Cash Receipts (Bank Lodgement) Book to the Nominal (General) Ledger.

TASK M-29

Post the totals from the Cash Receipts (Bank Lodgement) Book to the Nominal (General) Ledger.

In this case the only figure that we need to post is the total of the Bank column to the Bank Current A/C in the nominal ledger. This account is another account where entries are made in the Debit and Credit columns. The Bank Current A/C is a Debit account and therefore the total from the Cash Receipts (Bank Lodgement) Book is posted to the Debit column as it is money received by the company.

Note:

Money lodged into a bank account is debit.

The next task is to post the Cash (Bank) Payments Book to the Nominal (General) Ledger.

TASK M-30

Post the totals from the Cash (Bank) Payments Book to the Nominal (General) Ledger.

The following totals must be posted to the Debit or Credit columns of the individual nominal accounts

Total Total	The Total of all payments must be posted to the Bank Current A/C in the Nominal Ledger. Even though Bank Current A/C is a Debit account, the total from the Cash (Bank) Payments Book is posted to the Credit column as it is money paid out by the company and therefore reduces the amount in the Bank.
Salaries Total	The Salaries account is a Debit account, so the Salaries total is simply posted to the Dr column of the Salaries account. Since there was no entry in the Salaries column you may skip this account until next month.
Rent Total	The Rent account is a Debit Account so the Rent total is simply posted to the Dr column of the Rent Account.
Petty Cash Total	This is the money that has been transferred to Petty Cash to restore the imprest. The Petty Cash account is a Debit account, so the Petty Cash total is simply posted to the Dr column of the Petty Cash account, as this is money paid into petty cash, in the same way as money paid into the bank account is posted to the Debit side.
Other	Entries in this column should have a note written in the side margin indicating what the payment was for, and the entry would then be posted to the relevant account. Since there was no entry in the Other column, you may skip this account.

When you have completed this task the Bank Current A/C in the Nominal (General) Ledger should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Bank Current A/C		
Date	Details	F	Dr	Cr	Bal
31/01/##	Capital Investment	GJ	14,900.00		14,900.00
31/01/##	Total Lodgements (Jan ##)	CRB	10,754.50		25654.45
31/01/##	Total Payments (Jan ##)	CPB		8,925.98	16,728.52

The final daybook to be posted to the Nominal (General) Ledger is the Petty Cash Book.

TASK M-31

Post the totals from the Petty Cash Book to the Nominal (General) Ledger.

The following totals must be posted to the Debit or Credit columns of the individual nominal accounts:

Total Total	The Total amount of petty cash payments for the period is posted to the Credit side of the Petty Cash account. The Petty Cash account is a Debit account, but in the same way as payments out of the bank account are posted to the Credit side, so the payments out of petty cash are posted to the Cr column of the Petty Cash account.
VAT Total	The VAT payable account is a Credit account, as it is a liability account and will normally have a Credit balance. However, when posting from the Petty Cash book, the amount is posted in the Debit column, in the same way as VAT on purchase is entered, as this is VAT which the company has paid out and which it is reclaiming from the Collector General. This amount is subtracted from the previous balance amount in order to obtain the Balance figure.
Post Total	The Post account is a Debit account, so the Post total is posted to the Dr column of the Post account.
Stationery Total	The Stationery account is a Debit account, so the Stationery total is posted to the Dr column of the Stationery account.
Cleaning Total	The Cleaning account is a Debit account, so the Cleaning total is posted to the Dr column of the Cleaning account.
Misc. Exp. Total	The Miscellaneous Expenses account is a Debit account, so the Misc. Exp. total is posted to the Dr column of the Miscellaneous Expenses Account.

Completed Nominal Ledgers

When you have completed this task, the Nominal Ledgers should look like the following:

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Sales		
Date	Details	F	Dr	Cr	Bal
31/01/##	Sales (January ##)	SDB		8973.00	8973.00

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Repairs		
Date	Details	F	Dr	Cr	Bal
31/01/##	Repairs (January ##)	SDB		236.80	236.80

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Purchases		
Date	Details	F	Dr	Cr	Bal
31/01/##	Purchases (January ##)	PDB	7128.00		7128.00

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Telephone

Date	Details	F	Dr	Cr	Bal
31/01/##	Telephone (January ##)	PDB	55.75		55.75

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Rent

Date	Details	F	Dr	Cr	Bal
31/01/##	Rent (January ##)	CPB	325.00		325.00

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Post

Date	Details	F	Dr	Cr	Bal
31/01/##	Post (January ##)	PCB	12.00		12.00

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Stationery

Date	Details	F	Dr	Cr	Bal
31/01/##	Stationery (January ##)	PCB	13.50		13.50

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Cleaning

Date	Details	F	Dr	Cr	Bal
31/01/##	Cleaning (January ##)	PCB	5.00		5.00

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Miscellaneous Expenses

Date	Details	F	Dr	Cr	Bal
31/01/##	Misc. Exp. (January ##)	PCB	15.00		15.00

COMPANY NAME: J.P. MURPHY ELECTRIC

Nominal (General) Ledger

Nominal Account: Bank Current A/C

Date	Details	F	Dr	Cr	Bal
01/01/##	Capital Investment	GJ	14,900.00		14,900.00
31/01/##	Bank Lodgements (Jan ##)	CRB	10,754.50		25,654.50
31/01/##	Cash Payments (Jan ##)	CPB		8,925.98	16,728.52

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Petty Cash		
Date	Details	F	Dr	Cr	Bal
01/01/##	Opening Balance	GJ	100.00		100.00
31/01/##	Total Payments (Jan ##)	PCB		47.38	52.62
31/01/##	Restore Imprest	BPB	47.38		100.00

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: VAT Payable		
Date	Details	F	Dr	Cr	Bal
31/01/##	VAT on Sales (Jan ##)	SDB		1,824.20	1,824.20
31/01/##	VAT on Purchases (Jan ##)	PDB	1,436.75		387.45
31/01/##	VAT on Petty Cash Purchases	PCB	1.88		385.57

COMPANY NAME: J.P. MURPHY ELECTRIC					
Nominal (General) Ledger			Nominal Account: Capital		
Date	Details	F	Dr	Cr	Bal
01/01/##	Capital Investment	GJ		15,000.00	15,000.00

Summary Note

Totals from daybooks are posted to the Nominal Ledgers

