The Tools of Book Keeping

- **Cash Registers**

A cash register is an electronic machine that is used to calculate and register transactions. Usually, cash registers are used to record cash flow in stores. ~~usually, cash~~ The cashier collects the cash for a sale and returns a balance amount to the customer. Both cash collected and balance returned are recorded in the register as a single-entry cash accounts. Cash registers also store transaction receipts, so you can easily record them in your sales journal.

- **The Journal**

The journal is called the book of original entry. It is a place where a business chronologically records its transactions for the first time. A journal can be either physical (in the form of a book or diary) or digital (stored as spreadsheets, or data in accounting software). It specifies the date of each transactions, the accounts credited or debited, and the amount involved. While the journal is not usually checked for balance at the end of the fiscal year, each journal entry affects the ledger. This form is useful for double-entry system.

- The Ledger

A ledger is a book or compilation of accounts. It is also called the book of second entry. After you enter transactions in a journal, they are classified into seperate accounts and then transferred into the ledger. These records are transcribed by accounts in the order: Assets, Liabilities, equity, income and expenses. Like journal, the ledger can also be physical or electronic spreadsheets. A ledger contains a chart of accounts, which is a list of all the names and number of accounts in the ledger. The chart usually occurs in the same order of accounts as the transcribed records. Unike journals, ledgers are investigated by auditors, so they must always be balanced at the end of the fiscal year. If the total debits are more than the total credits, it's called debit balance. If the total credit outweigh the total debits, there is a credit balance. The ledger is important in double-entry bookkeeping where each transaction changes at least two sub-ledger accounts.

- Trail Balance

The trail balance is produced from the compiled and summarized ledger entries. The trail balance is like a test to see if your books are balanced. It lists the accounts exactly in the following order: Assets, liabilities, equity, income and expenses with ending account balance. An accountant usually generates the trail balance to see where your business stands and how well your books are balanced. This can then be crossed checked against ledgers and journals. Imbalance between debits and credits are easy to spot on the trail balance. It is not always error free though. Any miscalculated or wrongly-transcribed journal entry in the ledger can cause an incorrect trail balance.

I Basic Accounting Terms

- # Capital
- # Assets – [Current, Non-current, Fictitious]
- # Liabilities – [Current and Long Term]
- # Accounts Recieveable
- # Accounts Payable
- # Cash flow
- # Drawings
- # Net worth
- # Balance Sheet
- # Cost of Goods Sold
- # Debit
- # Credit
- # Expenses (Fixed, Variable, Accured)
- # Owner's Equity
- # Insolvency
- # Journal Entry
- # Trail Balance
- # Limited Liability Company
- # Net Income
- # Present Value
- # Profit & Loss Statement
- # Return on Investment (ROI)
- # Asset classes

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Date
Page

Book value
Creditors
Debtors
Equity
Inventory
Depreciation
Accounting Period
Overhead
Variable Cost
Fixed cost
Capital Expenditure
Capital Revenue