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Cash receipts are posted to the

The cash income log manages all cash inflows from a trade organization. In other words, this log is used to record all the species to come into the business. To record all cash outflows, another newspaper known as the cash disbursement log or cash payment log is used. To make entries in a cash receipt log, the receipt of cash is generally divided into the following categories: Receiving money from cash salesReceipt of credit customers' money or receivables andReceipt of money from other sources Format A money receipt log generally resembles the following: Explanation of the columns used in the date of the cash receipt review Date: The date on which the money is received is entered into the column. Credited account: The credited column of the account is used to enter the title or name of the account credited in the ledger as a result of cash inflows. For each inflow of cash, one or more accounts are essentially credited in the ledger of debtor subsidiaries or in the general ledger or in both. Postal reference: The post reference column is used to enter the account number of the subsidiary or general account to which the entry belongs. Explanation: The explanation or reason for the cash flow is briefly explained in this column. Cash: In the cash column, the amount of money received is seized. The cash account in the general ledger is debited by the total of this column. Sales discounts: Sellers reduce discounts to customers who pay within a discount period. The amount of the discount given to customers is listed in the sales reduction column. The sales account maintained in general ledger is debited by the total of this column. Accounts receivable: When a credit customer makes the payment, their account is credited in the register of customer subsidiaries. The amount by which a customer's account is credited is entered into this column. Sales: This column is used to record cash sales. Each time a cash sale is made, the amount received is entered into this sales columnwhere accounts: This column is used to record the receipt of money from sources other than cash sales or credit customers. For example, receiving cash for interest, rent and the sale of old property, etc. Cost of goods sold/stocks: In the cash receipt log, this column is used to record the cost of goods sold in cash. This column is also in the sales log where is used to enter the cost of goods sold on credit. The total of this column is debited at the cost of goods sold account and credited to the inventory account in general ledger. Example The following example illustrates how a review of cash receipts is written and how entries in that journal are displayed on the relevant subsidiary and general accounts. Show your love for us by sharing our content. A D V E R T I S E M E N T By Mike Enright, Chief Operating Officer, BizFilings Keeping Track of Your Money, Payments and Records Can Discover the most effective ways to keep your money and records online and updated appropriately. If your business is a typical business, you face a variety of cash transactions. Consolidating all these transactions into one record can be tempting, but it's almost always a bad idea. You will want to register your cash transactions in different ways, depending on the nature of your business. Cash Sales and Receipts Diary: To simplify your record-keeping, we recommend that you combine your sales and cash receipts in one newspaper. Daily Cash Sheet: If cash transactions are an important part of your business, you should also prepare a daily cash sheet to reconcile your money received and paid for the day. If you use a daily cash sheet, you can reconcile your cash receipts with your daily deposit in your bank account. Cash disbursements diary: Your daily cash disbursements must be recorded here. Bank Reconciliation: Reconciling your files with your monthly bank statement verifies how much you have in your current account. It will also help you find accounting errors. It could also allow you to detect (and remedy) irregularities such as employee theft. Small cash register: If your customers normally pay by cheque, having a small cash fund will provide you with cash at your fingertips to pay for various small expenses. A small cash register is not necessary if you use a cash register and always have change on hand, as long as you keep track of these small purchases. Holding daily check sheets A cash sheet is a daily reconciliation of the money received and the money paid. If a large part of your business is processed in cash, for example in a retail store, you must prepare a cash sheet at the end of each day. It is convenient to deposit all cash receipts into your bank account every day. Your daily cash receipts should generally be the same as your daily bank deposit. All the reasons for a difference should be obvious on your cash sheet, such as a small amount of money paid for a miscellaneous expense. If they do not match, you must investigate and reconcile the discrepancies between the two amounts. Maintaining cash sheets alerts you to any shortage or excess of cash for the day. Some companies choose to simply count the money in the cash register at the end of the day without holding a cash sheet, leaving them distraught at shortage or over-mentshymment. A shortage may be the result of a theft, or it may simply result from your failure to register a special transaction, such as an expense you paid in cash, but without a cash sheet, you will never know. Among the tools and forms is a checkout sheet for your use. Just plug in your daily amounts to see instantly if you have a cash shortage or surplus at the end of the day. You can use the spreadsheet over and over again for your daily needs. Preparing a bank reconciliation Preparing a bank When you receive your bank statement each month helps you verify the amount of money in your current account. This reconciliation is necessary because the cash balance in your books will never agree with the balance shown on the bank statement. Delays in bank checks and clearing deposits, automatic bank fees and credits you didn't register, and mistakes you may have made in your books make ideals impossible. After preparing the bank reconciliation, you may be comfortable with the account balance in your books being up to date and have an overview of any irregularities such as employees stealing funds. Step-by-step instructions to prepare a bank reconciliation Prepare a list of deposits in transit. Compare the deposits listed on your bank statement with the bank deposits listed in your cash receipts log. On your bank reconciliation, list all deposits that have not yet erased the bank statement. Look at the bank reconciliation you prepared last month. Were all last month's deposits in transit clear on this month's bank statement? If not, you'll find out what happened to them. Prepare a list of outstanding cheques. In your cash disbursement log, mark every cheque that erased the bank statement this month. On your bank reconciliation, list all the cheques in the cash disbursement log that have not been erased. Look at last month's bank reconciliation. Are there any checks that were going on last month that still haven't authorized the bank? If so, make sure they are on your current check list this month. If a cheque is several months old and has not yet authorized the bank, you may want to investigate further. Save bank fees or credits. Look at your bank statement. Are there any special fees from the bank that you did not record on your books? If so, register them now as you would have if you had written a cheque for that amount. Similarly, if there are credits made to your account by the bank, they must also be registered. View entries on your general ledger. Calculate the cash balance by your books. Calculate the general cash account to arrive at your end cash balance. Enter the bank balance on the reconciliation. At the top of the bank reconciliation, enter the balance at the end of the bank statement. Total deposits in transit. Add in-transit deposits and enter the total on the reconciliation. Add the total of deposits in transit to the bank's balance to arrive at a sub-total. Total cheques in progress. Add up current cheques enter the total on the reconciliation. Calculate the balance of accounting by reconciliation. Subtract the total outstanding cheques from the sub-total in Step 6 above. The result should equal the balance shown in your general ledger. Alpha Company Bank Reconciliation March 31, 2016 Balance by Bank Statement \$4,672.98 Transit Deposits Amount 3/30 \$500.25 \$3/31 \$1,890.33 \$2,390.58 Subtotal \$7,063.56 Unpaid checks Check number \$1656 \$22.50 \$1693 \$150.00 \$1696 \$1696 \$32.00 1697 \$1,902.00 \$1,1698 \$1,105.80 \$3,212.30 Balance per pound \$ 3,851.26 In the example above, if the general book treasury account does not show a balance of \$3,851.26, you have to find the cause of the difference. If your bank reconciliation doesn't balance, you need to find the error or the errors. Possible causes of a bank balance error include: Total current controls added incorrectly. Check your total overdue cheques again. Total transit deposits added incorrectly. Check your addition of in-transit deposits again. Bank balance transposed. Did you start with the exact amount at the top of your reconciliation? Check by comparing it to the end-of-month balance on your bank statement. Failure to register all clearing items in the bank statement. Look closely at your bank statement. Are there items, such as various bank fees or automatic deposits or withdrawals that have not been recorded on your books? Newspapers added incorrectly. Check your cash receipts and disbursements again. Did not register a cheque or deposit. Have you registered all the cheques and deposits in your newspapers? This should have been evident when you were preparing your lists of in-transit deposits and the ongoing checks. Incorrectly recorded an amount. Compare each item in the bank statement with the entry of your newspaper for this article. Have you entered the exact amount? Keeping a Cash Disbursement Log A cash disbursement log is where you record your cash payment transactions (or cheques). It can also go through a purchase log or expense log. Although you may, if you are looking heard enough, find cash disbursement logs print, we highly recommend that you keep this log on your computer or in the cloud, as you do with most of your financial journals. Your accounting software will probably include some type of disbursement and purchase log that can be customized to your business needs. Use of Accrual And Cash Disbursement Logs If you use the accounting exercise base, as we recommend, you will record expenses in the disbursement log at the time you pay for goods or services, or in the purchase log if you purchase on credit. You own a variety store. You purchase \$7,800 from your primary supplier on an account. Most of the purchase inventory for resale, but also included are \$100 office supplies. Enter your shopping log. Debit Credit Purchases 7,700 office supplies spend 100 accounts payable 7,800 Next month, after receiving a statement from your supplier, you write a cheque to settle your account. Enter your purchase log. Payable debit credit accounts payable Cash 7,800 Cash Disbursements Journal examples If your business is a retail store, your newspaper entries may look like this: (Note: All dollar amounts have been rounded to the nearest dollar.) On February 2, you paid your electricity bill of \$177. Also on February 2, you purchased inventory of goods from Ash Wholesale for \$9,500. On February 5, you spent \$82 at the Atkins gas station to fill your gas delivery vehicles. You charge everything on the account you maintain with Atkins. On February 8, you write a cheque for \$9,500 in payment of the bill you receive from Ash. On February 10, you write a check for \$82 at the Atkins gas station to pay off your account. At the end of this log page, you should walk the seven amount columns. Since you are using a dual-entry accounting system, you can see if all entries have been recorded correctly. Check to see if the sum of the debits is the sum of the credits. Total debits: 0 - 9,582 - 9,500 - 82 - 177 - 19,341. Total credits: 9,759 - 9,582 - 19,341. DAY ACHATS FOR: FEBRUARY 2016 Payable Cash Accounts Date Descrip. Dr. Cr. Dr. Cr. Purch. Dr. Delivery Fee Dr. Utilities Exp. Dr. 2 Edison Util. - electricity 177 177 2 Ash Whlsle - inventory 9,500 9,500 5 Atkins Serv. Station - gas 82 82 8 Ash Whlsle - on count 9,500 9,500 8 Atkins Serv. - to the account 82 82 Totals 0 9 759 9 582 9 582 9 500 82 177 If the sum of the debit columns does not equal the sum of the credit columns, you have a problem that you should track down right away. You may have entered one of the amounts of the wrong column. You may have simply added incorrectly when calculating totals. It is usually easy to identify the error because the debits must match the credits for each transaction. Your shopping log may have many more columns than this sample because you will probably have more spending classifications. Maintaining a small fund and processing accounts receivable Almost all businesses need cash to pay small miscellaneous expenses. The easiest way to keep this money available is through a small cash fund, unless your business has money on hand from daily transactions. If you use cash from the day's receipts for small expenses, you need to make sure you accurately record all the money taken from the cash register and prepare a cash sheet at the end of the day to help control the cash paid to the cash register. Steps to create a small cash fund Start a small cash fund in a check to Petty Cash. Cash the check. Physically place the money in a cash drawer or small crate. When you pay for expenses short of small cash, keep a detailed list of each expense. When the money is almost exhausted, add the expenses to your detailed list. Write another cheque to Petty Cash total expenses. This audit is expected to restore the fund to the initial balance. Suppose you decide to create a small cash fund to pay for small expenses that you don't pay by cheque or debit card. You think a small \$100 cash fund is needed, so you write a \$100 check payable to Petty Cash. You physically put the \$100 in a small crate. Enter your cash disbursement log: Credit Small Cash 100 Cash 100 Two weeks later, you review the small cash register and find \$25. You add the items listed on the expense list, and you're happy to see that they add up to \$75.00 (25-75-100). You write a cheque, payable to Petty Cash, for \$75.00. The money is placed in the small cash register. That brings the fund down to \$100. Using the small cash list as a source document, enter your cash disbursement log as follows: Debit Credit Office provides 13.20 Automobile Costs 39.00 Misc. 15.00 Expenses Misc. 7.80 Species 75.00 The cash drawer or small box must be locked when not in use. Only one person should have access to the small cash register, so that only one person is held responsible. Understand accounts receivable (often abbreviated A/R) are simply unpaid customer invoices and any other money owed to you by your customers. The sum of all your customer receivable accounts is listed as a current asset in your balance sheet. Your accounting software must automatically keep an account record of accounts receivable for each customer. The large book of accounts receivable, which can also be considered a customer statement, serves as a record of each customer's fees and payments. Keep accounts receivable When a customer buys something, you'll want to: Save the sale in the sales log and cash receipts. This review will include debit and credit receivable columns. Fee sales and account payments entered these two columns, respectively. Every day, credit sales recorded in the sales log and cash receipts are posted on the appropriate customer's accounts in the ledger of accounts receivable. This allows you to know not only the total amount owed to you by all credit customers, but also the total amount owed by each customer. Entries made in the sales log and cash receipts are also total at the end of the month, and the results are posted on the account receivable account in your general ledger. This account is your control account account. « Means that once your entire ad is complete, the total amount of customer balances in the accounts accountable ledger will be the same as the balance of the control account in the general ledger. If they are not the same, you can say that you made a mistake somewhere along the line. If you extend the credit to your customers and maintain a Log cash receipts by hand, make sure your accounting software integrates display into accounts receivable records with record sales and cash receipt transactions automatically. Called a writing system, this time saving also reduces the risk of display errors. Keeping a record of accounts receivable You must keep a register account of accounts receivable for each client to whom you grant credit. View your sales bill fees from the sales log and cash receipts to customer records at the end of each day. In addition, whether you use a cash register or a separate cash receipt booklet, be sure to post cash receipts on account for the appropriate records at the end of the day. Of course, your software should be

able to take care of this automatically. If you like a paper trace, keep all your customer records in one binder and let copies of customer records also serve as statements you send to your customers in demand of payment. If mail them in the form of statements, start a new registry sheet every month. The monthly balance sheet should start with a term balance, which is the balance at the end of the previous month. If your registry sheets won't double as customer statements, you don't need to start a new sheet each month. Just keep a permanent ledger for each customer who keeps a total running the client's balance. For most businesses, statements must be sent once a month to all customers with an account balance and include: a starting balance (end balance of the previous month) all invoices billed during the month of account payment during the month any debit note or credit note, an end balance a due date Keeping track of your control account When you send statements to your customers each month, you must reconcile your accounts receivable with the account receivable account. The control account is the total balance of accounts receivable in your general ledger. The total of the accounts receivable at the beginning, plus the sales of fees for the month, minus the payments in account for the month, should be equal to the total accounts receivable at the end. Compare this amount to the sum of individual customer records. This will help you discover any errors in your customer statements before sending them in the mail. Your accounting software must automatically inform you of the discrepancies. Processing your receivables can be a bit of fun, after all, it's about raking in your hard-earned dough. Accounts payable (often called *A/P*), on the other hand, focus on the company's unpaid invoices, that is, the money you owe to your suppliers and other creditors. The sum of the money you owe your suppliers is recorded as a current liability on your balance sheet. Preparing documents to pay for your accounts If you use accrual accounting accounting, as we recommend, expenses are recorded in the cash disbursement log at the time the goods or services are paid for or in the purchase log if you buy on credit. If you deal with a particular supplier several times during the month, you don't have to register each purchase. You can accumulate all invoices for the month from this provider, and then record a transaction in the purchase log at the end of the month. You must keep a ledger account payable for each provider. The expenses of the cash disbursement log are, at the end of each day, recorded in the appropriate ledger of accounts payable. The ledger of accounts payable is a record of what you owe each provider. Make sure your accounting software automatically keeps separate records as well as the general ledger. The general ledger contains an account to be paid, which is your account to control the accounts payable. The cash disbursement log has accounts to pay credit and debit columns. Credit purchases and account payments are listed in these two columns, respectively. At the end of the month, they are total and displayed on the control account in the general ledger. Tracking your records of a/p records payable will help you control your expenses and payments. If you keep accurate paying records, it'll be easy to check the invoices you get from your suppliers. At the end of the month, reconcile your account records to be paid with the account control account to be paid. The control account is the total balance of accounts payable from your general ledger. The total accounts payable at the beginning, plus the account purchases during the month, minus the payments accounted for during the month, should be equal to the total accounts payable. Compare this amount to the sum of the individual account records payable. This will help you discover all the mistakes you've made in recording your payments. Reconciliation can also help you catch errors on supplier invoices. An aging report of accounts payable is a good cash management tool that should be prepared periodically. It will help you plan when and how much you'll cash disbursements. Category: Basic accounting tags:

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