**WHY KEEP ACCOUNTS**

Account help business keep trach of all the transaction that happen day to day in a business. It keeps track of the money coming into (income) and money going out (Expenditure). This helps the business to see if they are making a profit or loss, the value of the business and are used when trying to seek finance

**THE ANALYSED CASH BOOK**

This is used to keep track of the money coming into and out of a business, It is known as the ACB and the Bank account

**REMEMBER**

Debit the receiver (Money into the account)

Credit the Giver (Money out of the account)

*Opening Balance*

This is the money that the business has when starting off the month. It is usually the closing balance of the previous month

If the balance is an overdraft it goes on the credit side (as we owe the bank the money) but if the balance is not an overdraft it goes on the debit side.

**LEDGERS**

These are used when transferring total from the ACB. Each column in the ACB will have an individual ledger. There is no need to have one for Bank. This is because you will have calculated a balance figure already in the ACB

*Double entry*

For every debit there must be a corresponding credit. One entry in the ACB and one entry in the General Ledger. It the item is on the debit side in the ACB it goes on the Credit side in the general Ledger and if the item is on the Credit side in the ACB it goes on the Debit side in the General leger

*How the VAT System Works*

VAT is paid at each stage of the transaction (Producer, Wholesaler and Retailer). The business collects the VAT and sends it to revenue. Sometimes the business can reclaim VAT depending if the balance figure is on the Debit side or Credit Side. If it sis the Debits side the will get a refunds and if it is on the Credit Side they will have to pay revenue the balancing amount.

Remember

If the VAT is on the debit side in the ACB it goes on the Credit Side in the VAT general ledger but if the VAT is on the Credit side in the ACB if will go on the Debit side in VAT general ledger. You will have to calculate the balance then between the debit an credit side

**TRIAL BALANCE**

This is a list of all the general ledger balances. It the balance for the next month in the general ledger is on the debit side it will go on the debit side in the trial balance. It the balance for the next month in on the credit side in the general ledger it will go on the credit die in the Trial balance. Remember to include the bank. When all balances are brought to the Trial Balance the Debit side and Credit Side must be the same

See Page 319 for an example