

Accounting decision analysis report sample

[Business](#), [Company](#)



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Introduction

Companies usually use different special journals (Wallace, 1999) to ensure a stable and undisturbed inventory of finances and preferably all consumable resources. Some examples of these special accounting journals are sales journals, purchases journals; cash receipts journals, and cash payments journals. This paper will focus on the uses, advantages, and disadvantages of cash receipts and cash payments journal.

Should the Company Use a Cash Receipts Journal, considering that some 30 – 50 cheques are received by mail every week? If so, what special columns would you use?

A cash receipts journal can be an extremely effective and efficient way for someone to keep track of the liquid assets that he may receive after a service or sales transaction (Bebbington, Gray, & Laughlin, 2001). In this case, since the company caters to the petroleum demands of several unidentified consumers, we could assume that it will not ultimately hurt the company and its resources should the management decide to implement the use of a cash receipts journal for every transaction. Also, since the company regularly transacts 30 up to 50 cheques per week, it would be even more

advisable for them to use such technique in monitoring and managing their finances.

There are several types of columns that a company may use to increase the efficiency of their current finance recording practices. In this case, the company may benefit from using credit and debit receipts column. One thing that accountants have to remember about these two columns is that they can be used to assess the possible gains of the company for every transaction. A good sale will most likely show that credit and debit values for every transaction are balanced. This means that there should no deficits in the values. This way, the management will be able to more efficiently keep track of every transaction.

Should the Company Use a Cash Payments Journal?

Explain.

A cash payments journal is only another special journal that can be optionally used by a company management to record cash transactions. For example, if the Silvertrail Petroleum Company will purchase raw materials from another company that does not necessarily belong to the same industry in cash, they will have to record every detail of that transaction for auditing, financial monitoring, and other purposes. One commonly preferred method to do that is by using a cash payments journal. A cash payments journal can be used to record all relevant information on every purchase transaction that involves cash as the sole mode of payment (Gilbertson & Lehman, 2008).

Since the Silvertrail Petroleum Company is only responsible for the distribution of petroleum and other related products to other companies, we can assume that they replenish their supplies of petroleum and other raw

materials by making purchase transactions from other companies through the use of cash or any other payment method. Because of this, it would be greatly beneficial for the company and its staff if they could keep a cash payments journal, so that the company will be able to monitor where every bit of cash goes. It was mentioned in the case that the company replenishes its petroleum supplies twice every week and for every transaction, a receiving report will be prepared and sent to the company's accounting department. It would certainly be a lot more efficient to just use a cash payments journal. This way the accounting staff at the company won't have to prepare receiving reports for every transaction because almost everything can already be found on the cash payments journal.

Works Cited

Wallace, K., 1999. *Bookkeeping The Easy Way*. Barron's Educational Series.

Gilbertson, C., & Lehman, M., 2008. *Fundamentals of Accounting*. Cengage Learning.

Bebbington, J., Gray R., & Laughlin, R., 2001. *Financial Accounting, Practice and Principles*. Cengage Learning EMEA.