

Basic bookkeeping – assessment essay sample



**ASSIGN
BUSTER**

1. An example of daily financial records that you would have to maintain is any transaction (in monetary terms) made by an organisation which encompasses the cash and cash equivalent you receive or spend on any day. It is essential to keep separate evidence of each transaction. This evidence is called a source document i. e invoices, receipts, cheques etc. Also, maintaining and updating your accounts receivable and accounts payable daily is another example.

2. The requirements regarding identifying and rectifying errors in documentation are to use the right accounting method such as cash and accrual and professional bookkeeping methods. Other requirements include: saving receipts of small transactions, perform basic reconciliation, know the difference between profit and cash flow and honour your cheques and GST.

3. You can ensure that credit and debit transactions are accurately recorded by recording both sides of the transaction so everything balances out. So each transaction as an amount that will either increase or decrease specific accounts. The use of computer software will also help.

4. The requirements regarding the maintenance of the general ledger is to record each journal entry into the general ledger. This general ledger has four types of accounts: assets, liabilities, income, expenses and owners equity. There are two types of accounts managed by a General Ledger either credit or debit which either tell you how much you are owed or how much you owe.

5. The requirement for the posting of transactions into the general ledger may include:

- commence business entries.
- correction of posting errors.
- interest expense.
- interest receivable; non-cash transactions.
- purchase of a fixed asset on credit.
- sale of a fixed asset on credit.
- withdrawal of stock/assets by owner.
- write off bad debt.

6. The process for reconciling systems for accounts payable and receivable in the general ledger may include: Checking accuracy of creditor account balances.

Checking accuracy of debtor account balances.

Checking cash payments and receipts journals against bank statement.

Checking the total of the creditors schedule equals the balance of the creditors control account.

Checking the total of the debtors schedule equals the balance of the debtors control account.

7. The two types of financial methods of accounting is the ' The Cash Method of Accounting' and the ' Accrual Method'.

8. The cash method records the transaction when you receive the money and the accrual method records the transaction at the time the sale happens. Accrual method is especially good for big companies and is legislated by ATO over \$200, 000.