

Basics of Bookkeeping

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What is Bookkeeping

Bookkeeping Is:

- Recording how your money flows
 - Includes accounts payable and accounts receivable
 - Includes electronic transfers and paper checks

The Records of Bookkeeping

- Your checking account
- Your purchase journal
- Your cash disbursements journal
- Your sales receipt journal
- Your cash receipts journal
- Your different income and expense accounts

What Should You Do To Keep Books

- Make a record of payments received or made in a cash receipts journal or cash disbursements journal recording the date, the check number, the customer or vendor, and the amount.
- Make a record of the details of a purchase or a sale in the purchase journal or sales journal indicating the customer or vendor, description of item paid, when originally purchased or sold, when paid, and the invoice number.

What Should You Do To Keep Books

- Record the transaction making a balanced debit and credit entry on your ledger.
- Record a debit or charge to an expense account and a credit to an income account.
- The offset or remaining entry will always be to your cash account or checking account.

What Should You Do To Keep Books

- Keep an account of all charges or debits, breaking them down into separate accounts for like expenses.
- Keep an account of all income, breaking them down into separate accounts for like income.
- Total of all income less all expense determines your profit or loss.

What Should You Do To Keep Books

- For your personal expenses, a check book register, paycheck and other check stubs and purchase or sale invoices are all you need.
- Keep your check register up to dates with deposits made and checks written.