

CHAPTER VII

BOOKS OF RECORDS

After analyzing the needs of the management and after the chart of accounts have been prepared, the next step is to determine the appropriate books of record to be used. Books of record are commonly referred to as the books of original entry. The books of record to be discussed in this particular case are the following:

1. Cash Receipts Book
2. Check Disbursements Book
3. Petty Cash Disbursements Book
4. Sales Register
5. Accounts Payable Register
6. Notes Receivable Register
7. Notes Payable Register
8. Record of Merchandise in Transit
9. Merchandise Received Register
10. Journal Voucher

Cash Receipts Book

The cash receipts book is a book of original entry where all cash received from whatever sources are recorded. The evidence of the entry in the cash

receipts book shall be the duplicate copy of the cashier's official receipt. All numbers of the official receipts shall be indicated in the cash receipt book, even if voided.

The cash receipt book may or may not be in columnar form depending upon the requirement of the accounting division and also upon the number of persons to work on the system.

Check Disbursements Book

Check disbursements book is a book of original entry wherein all cash disbursements by check are recorded. The source of entry in the check disbursements books shall be the check and the voucher together with its supporting papers for the distribution of charges. All the numbers of the check and voucher shall be entered in the cash disbursements book even when voided.

The check disbursements book may or may not be in columnar form depending upon the requirement of the accounting division and also the number of persons to work on the system.

Petty Cash Disbursements Book

The Petty Cash Disbursements Book is a book

of original entry wherein all petty cash payments are recorded. The basis of entry in the petty cash disbursements book shall be the petty cash voucher and the receipts supporting it.

The petty cash disbursements books may be or may not be in columnar form depending upon the requirements and also upon the number of persons to work on the system.

Varied opinions exist regarding the petty cash book. Some contend that petty cash vouchers together with their accompanying receipts must support the voucher and check issued for its replenishment. In such a case, the only thing needed is just an abstract of petty cash disbursements or even none at all. However, petty cash disbursements book could provide a permanent record, an analysis of petty cash expenses, postings, and can help ensure at every end of the month that all petty cash expenses are replenished. In such a case petty cash vouchers shall be filed separately from the replenishment check voucher.

It is the opinion here that a petty cash disbursements book should be kept for clarity, simplicity, and convenience.



Sales Register

The Sales Register is a book of original entry wherein all sales, cash and on account are recorded. The basis of entry in the sales register shall be the sales invoice. All numbers of the sales invoice shall be entered in the sales register, even if voided.

The sales register may or may not be in columnar form depending upon the requirement of the accounting system and the number of persons to work on the system.

Opinions also differ in including cash sales in the sales register since it seems more convenient for cash sales to be recorded only in the cash receipts book. However, if cash sales are to be included in the sales register, present practice is to show only the daily total of cash sales obtained from the cash register or from the daily abstracts of cash sales.

Accounts Payable Register

Accounts payable register is a book of original entry wherein all unpaid bills are entered at the end of the month. The basis of entry will be the cash disbursement vouchers together with its supporting papers.

A distinction must be made between an accounts payable register and a voucher register. An accounts payable register is used only to record set up for unpaid obligations at the end of the month. Only the unpaid cash disbursements vouchers pertaining to these set ups are recorded in the accounts payable register; all the rests are recorded direct to the cash disbursements book. However, in the case of a voucher register, all vouchers are recorded in the voucher register even if the voucher is voided.

Notes Receivable Register

Notes Receivable Register is a book of original entry wherein all notes received in favor of the company are recorded. The basis of entry in the Notes Receivable Register are the promissory notes with their supporting papers.

Record of Merchandise in Transit

Record of Merchandise in Transit is a book of original entry wherein all merchandise ordered from abroad are entered and the liability set up for the amount of the order. The basis of entry in the record of merchandise in transit shall be the purchase order and the corresponding letter of credit.

This record is widely used by importers and businesses dealing in foreign products.

Merchandise Receiving Register

Merchandise receiving register is a book of original entry wherein all merchandise ordered from foreign countries and received are recorded. The basis of entry will be the stores receiving report.

The receiving report used for receipt of foreign shipments shall be distinguished from those used for local purchases either by color or size.

Journal Voucher

Journal voucher is a paper commonly used in modern accounting systems taking the place of the general journal. Its purpose is to record opening and closing entries, transfers, write off bad debts, and record depreciations, adjustments and corrections of errors. In effect this is used for such entries as cannot conveniently be made in any other books of original entry, or which are not sufficiently numerous to necessitate a special book of record devised for them. However, the journal voucher should be attached with the various evidences supporting the journal entries.