

## PROFICIENT BUSINESS BOOKKEEPING

### STUDY GUIDE FOR MODULE ONE

(A full 'Study & Training Guide' will accompany the Study or Training Manual(s) you will receive soon by airmail post.)

This Study Guide - like all our Training Materials - has been written by professionals; experts in the Training of well over three million ambitious men and women in countries all over the world. It is therefore essential that you:-

- \* Read this **Study Guide** carefully and thoroughly BEFORE you start to read and study Module One, which is the first '**Study Section**' of a CIC Study & Training Manual you will receive for the Course for which you have been enrolled.
- \* Follow the **Study Guide** exactly, stage by stage and step by step - if you fail to do so, you might not succeed in your Training or pass the Examination for the CIC Certificate.

#### \* STAGE ONE

Learning how to really **STUDY** the College's Study & Training Manual(s) provided - including THOROUGHLY READING this **Study Guide**, and the full '**Study & Training Guide**' which you will soon receive by airmail post.

#### \* STAGE TWO

Studying in accordance with the professional advice and instructions given.

#### \* STAGE THREE

Answering Self-Assessment Test Questions/Exercises.

#### \* STAGE FOUR

Assessing - or having someone assess for you - the standard of your answers to the Self-Assessment Test/Exercises.

#### \* STAGE FIVE

Preparing for your Final Examination.

#### \* STAGE SIX

Sitting the Final Examination.

Remember: your CIC Course has been **planned** by experts. To be certain of gaining the greatest benefit from the Course, it is **essential** that you follow precisely each one of the **SIX stages** in the Course, as described above.

**STAGE ONE** is your thorough reading of this '**Study Guide**'

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## **ABOUT CIC STUDY and TRAINING MANUALS**

A CIC Study & Training Manual (each of which comprises 6 Modules - the first Module of which follows) supplied by the College as part of your Course is **NOT** simply a text book. It must therefore **not** be read simply from cover to cover like a text book or another publication. It **MUST** be **studied**, Module by Module, exactly as explained in the following pages. Each CIC Study or Training Manual has been designed and written by specialists, with wide experience of teaching people in countries all over the world to become managers, administrators, supervisors, sales and accounting personnel, business-people, and professionals in many other fields.

Therefore, it is in **your own best interests** that you use the Study & Training Manuals in the way CIC's experts recommend. By doing so, you should be able to learn easily and enjoyably, and master the contents of the Manuals in a relatively short period of time - and then sit the Final Examination with confidence. Every Study & Training Manual is written in clear and easy to understand English, and the meanings of any "uncommon" words, with which you might not be familiar, are fully explained; so you should not encounter any problems in your Studies and Training.

But should you fail to fully grasp anything - after making a thorough and genuine attempt to understand the text - you will be welcome to write to the College for assistance. You must state the **exact** page number(s) in the Study & Training Manual, the paragraph(s) and line(s) which you do not understand. If you do not give full details of a problem, our Tutors will be unable to assist you, and your Training will be delayed unnecessarily.

Start now by reading **carefully** the following pages about Stages Two, Three and Four. Do **NOT**, however, start studying the first Study or Training Manual until you are **certain** you understand **how** you are to do so.

## **STAGE TWO - STUDYING A CIC MODULE**

### **STEP 1**

Once you have read page 1 of this document fully and carefully, turn to the first **study section** - called **Module One** - of **Study & Training Manual One**.

Read the whole of Module One at your normal reading pace, without trying to memorise every topic covered or fact stated, but trying to get "the feel" of what is dealt with in the Module as a whole.

### **STEP 2**

Start reading the Module again from the beginning, this time reading more slowly, paragraph by paragraph and section by section. Make brief notes of any points, sentences, paragraphs or sections which you feel need your further study, consideration or thought. Try to absorb and memorise all the important topics covered in the Module.

### **STEP 3**

Start reading the Module again from its start, this time paying particular attention to - and if necessary studying more thoroughly - those parts which were the subject of your earlier notes. It is best that you do **not** pass on to other parts or topics until you are **certain** you fully understand and remember those parts you earlier noted as requiring your special attention. Try to fix everything taught firmly in your mind.

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**Note:** You may not wish to, or be able to, carry out Steps 1, 2 and 3 one after the other. You could, for instance, carry out Steps 1 and 2 and then take Step 3 after a break.

## **STAGE THREE - ANSWERING SELF-ASSESSMENT TESTS**

### **STEP 4**

When you feel that you have **fully understood and learned everything** taught in the whole Module (and if necessary after a further careful read through it) turn to the Self-Assessment Test set at the end of it, and read the Questions/Exercises in it carefully. You do not have to attempt to answer any or all of the Questions/Exercises in the Test, but it is **best** that you do so, to the best of your abilities. The reasons for this are:-

- ❁ By comparing your answers with the Recommended Answers printed in the Appendix at the end of the Module, you will be able to assess whether you **really have** mastered everything taught in the Module, or whether you need to study again any part or parts of it.
- ❁ By answering Questions/Exercises and then comparing your attempts with the Recommended Answers, you will gain experience - and confidence - in attempting Test and Final Examination Questions/Exercises in the future. Treat the Self-Assessment Tests as being “*Past Examination Papers*”.

### **Professional Advice on Answering Self-Assessment Test (and Examination) Questions and Exercises**

1. You may answer the Questions/Exercises in a Self-Assessment Test in any order you like, but it is best that you attempt **all** of them.
2. Read very carefully the first Question/Exercise you select, to be quite **certain** that you really **understand** it and what it requires **you to do**, because:
  - ★ some Questions/Exercises might require you to give full “written” answers;
  - ★ some Questions/Exercises (e.g. in English) might require you to fill in blank spaces in sentences;
  - ★ some Questions/Exercises (e.g. in bookkeeping) might require you to provide “worked” solutions;
  - ★ some Questions/Exercises (called “multiple-choice questions”) might require you only to place ticks in boxes  against correct/incorrect statements.

In your Final Examination you could **lose marks** if you attempt a Question/Exercise in the wrong way, or if you misread and/or misunderstand a Question/Exercise and write about something which is not relevant or required.

3. Try to answer the Question/Exercise under “**true Test or Examination conditions**”, that is, **WITHOUT** referring back to the relevant section or pages of the Module or to any notes you have made - and certainly **WITHOUT** referring to the Recommended Answers. Try to limit to about two hours the time you spend on answering a set of Questions/Exercises; in your Final Examination you will have **only two hours**.
4. Although you are going to check your Self-Assessment Test answers yourself (or have a friend, relative or colleague assess them for you) practise writing “written” answers:-

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★ in clear, easy-to-read handwriting;

and

★ in good, grammatical language.

The Examiner who assesses your Final Examination answers will take into account that English might not be your national or main language. Nevertheless, to be able to assess whether you really **have** learned what we have taught you, he or she will need to be able to read and understand what you have written. You could lose marks if the Examiner cannot read or understand easily what you have written.

5. Pay particular attention to neatness and to layout, to spelling and to punctuation.
6. When “written” answers are required, make sure what you write is **relevant** to the Question/Exercise, and concentrate on **quality** - demonstrating your knowledge and understanding of facts, techniques, theories, etc - rather than on quantity alone. Write fully and clearly, but **to the point**. If you write long, rambling Final Examination answers, you will waste time, and the Examiner will deduct marks; so practise the **right** way!
7. When you have finished writing your answer, read through what you have written to see whether you have left out anything, and whether you can spot - and correct - any errors or omissions you might have made.  
**Warning:** some Questions/Exercises comprise two or more parts; make **certain** you have answered **all** parts.
8. Attempt the next Question/Exercise in the Self-Assessment Test in the same manner as we have explained in 1 to 7 above, and so on until all the Questions/Exercises in the Test have been attempted.

**Note:** There is no limit on how much time you spend on studying a Module before answering the Self-Assessment Test set on it, and some Modules are, of course, longer than others. You will, however, normally need to spend between twelve and fifteen hours on the thorough study of each Module - and that time may be spread over a number of days if necessary - plus approximately two hours on answering the Self-Assessment Test on each Module.

## **STAGE FOUR - ASSESSING YOUR ANSWERS**

### **STEP 5**

When you have answered all the Questions/Exercises set in Self-Assessment Test One to the best of your ability, compare them (or ask a friend, relative or a colleague/senior at work to compare them) with the Recommended Answers to that Test, printed in the Appendix at the end of the Module. In any case, you should thoroughly study the Recommended Answers because:-

★ As already explained, they will help you to assess whether you have really understood everything taught in the Module;

and

★ They will teach you how the Questions/Exercises in subsequent Self-Assessment Tests and in your Final Examination **should** be answered: clearly, accurately and factually (with suitable examples when necessary), and how they should be laid out for maximum effect and marks.

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## MARKS AND AWARDS

To assist in the assessment and grading of your answers, the **maximum number of marks** which can be earned for each answer to a Self-Assessment Test Question/Exercise is stated, either in brackets at the **end of each one**.

**The maximum number of marks for any one Test is 100.**

Your answers should be assessed fairly and critically. Marks should be awarded for **facts** included in your answer to a Question/Exercise, for presentation and for neatness. It is **not**, of course, to be expected that your answers will be identical to all those in the Appendix. However, your answers should contain the **same facts**, although they might be given in a different order or sequence - and any examples you give should be as appropriate to the Questions/Exercises as those given in the relevant "Recommended" Answers.

Add together the marks awarded for all your answers to the Questions/Exercises in a Self-Assessment Test, and enter the total (out of 100) in the "Award" column in the **Progress Chart** in the middle of the full '**Study & Training Guide**' when you receive it. Also enter in the "Matters Requiring Further Study" column the number(s) of any Question(s)/Exercise(s) for which you did not achieve high marks.

## GRADES

Here is a guide to the grade your Self-Assessment Test Work has achieved, based on the number of marks awarded for it:

50% to 59%	PASS	60% to 64%	HIGH PASS
65% to 74%	MERIT	75% to 84%	HIGH MERIT
85% to 94%	DISTINCTION	95% to 100%	HIGH DISTINCTION

## STEP 6

Study again **thoroughly** the section(s) of the Module relating to the Question(s)/Exercise(s) to which your answers did not merit high marks. It is important that you understand where or why you went wrong, so that you will not make the same mistake(s) again.

## STEP 7

When you receive the complete Study or Training Manual One\*\* from the College by airmail post, '**revise**' - study again - Module One printed in it, and then turn to **Module Two** and proceed to **study it thoroughly** in exactly the same way as explained in Steps 1, 2 and 3 in this '**Study Guide**'.

When you have completed your **thorough study**, follow steps 4, 5 and 6 for the **Self-Assessment Test on Module 2**.

Continue in the **same way with each of Modules 3, 4, 5 and 6** until you have attempted and assessed your work to Self-Assessment Test 6, and have completed the study of Study or Training Manual One. But - and this is **important** - study the Modules **one by one**; complete Steps 1 to 6 on **each** Module **before** you proceed to the next one (unless during the course of your reading you are referred to another Module).


**\*\*Note:** When you receive Study or Training Manual One by airmail post, it will be accompanied by a 20-page '**Study & Training Guide**' (containing a '**Progress Chart**') which you **MUST read very carefully** before starting your study of Module Two.

## TRAINING ON

# **PROFICIENT BUSINESS BOOKKEEPING**

## **Module One**

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## WHAT BOOKKEEPING IS ALL ABOUT

### Introduction

The very first thing for you to learn is that bookkeeping is basically VERY SIMPLE. It is only lack of understanding of what is involved which can make it SEEM difficult.

Of course, there are **RULES** to be learned - and followed. In this Course we not only teach you the basic rules, but also WHY those rules must always be followed. In that way, you will quickly **understand** the basic principles of modern-day bookkeeping. And that very understanding will give you the confidence to become a **proficient bookkeeper**.

You might well think that BOOKKEEPING is a strange name for a type of work. So let us first examine it, so you can see what it basically involves.

Really the **process** should be called **KEEPING BOOKS**. But it is more descriptive to put the “main” word first, in the same way as we have SHOPkeeping, STOREkeeping, HOUSEkeeping, and so on. In its simplest form, the work **really does** involve “KEEPING BOOKS”.

However, in this case the word ‘**KEEPING**’ means **more** than simply “looking after” books - in the way that a librarian looks after the books in a library, for example. And the BOOKS in this case are **special** ones; and they are not simply for “reading” in the normal way.

In the case of bookkeeping, the word ‘**KEEPING**’ involves:

- ★ **RECORDING** pieces of **INFORMATION** in the special books;
- ★ Making certain the information is always **ACCURATE and UP TO DATE**;
- ★ **SAFEGUARDING** the recorded information - **PROTECTING** it from loss or damage;
- ★ Making sure that all recorded information can be **FOUND** quickly in the special books when needed;
- ★ **PRESENTING** some or all of the recorded information in different ways (or “formats”), so that it can be **USED** for various purposes.

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The “special books” we mentioned above are called **THE ‘BOOKS OF ACCOUNT’**. There are a number of different Books of Account, specially designed to record different **types** of information. You will learn about some of the most common Books of Account in this Course, and also learn how to record information in them. In fact, bookkeeping is that part of the profession of **ACCOUNTING** concerned with “keeping” information, as just described.

Nearly every organization, and especially every business, needs to have a “set” of Books of Account. Quite often, in practice, the set is referred to simply as **‘THE BOOKS’**.

In bookkeeping, the act of **recording** information in the Books is called **ENTERING** it in the Books. Each **piece of information** which is recorded in the Books is called an **‘ENTRY’** (the plural - that is, more than one - is **‘entriES’**).

Very often, **an entry is ‘made’** in a Book of Account **by writing** the needed information - “by hand”, or “manually”. Nowadays, entries are increasingly made or “input” into computers instead of being written in actual “books”. In such cases, the records are stored in the computers instead of in books. But the records so made are still kept - or “maintained” - on **exactly** the SAME principles. That is very important for you to remember.

We shall be teaching you **manual bookkeeping** in this Course. But you will easily be able to use the knowledge you gain should you ever need to perform the work on a machine or on a computer; and it will **still** be called “bookkeeping” or “accounting”.

## **WHAT WE RECORD IN BOOKKEEPING**

The basic function of bookkeeping is the maintaining - keeping - of **RECORDS** (which are made up of **pieces of information**, or **entries**) about **TRANSACTIONS** that take place.

**A transaction**, in a bookkeeping sense, is a **TRANSFER OF MONEY** - or **SOMETHING OF VALUE** (that is, something which is **WORTH MONEY**) - between an organisation and another “party”. The other “party” may be a person, e.g. a customer, or another organisation, e.g. a supplier, and so on.

A “transfer” - requiring a bookkeeping record about a transaction - takes place when:-

★ one person or organisation **GIVES OUT** something of monetary value, whilst

**- AT THE SAME TIME -**

★ another person or organisation **RECEIVES** something of exactly the same monetary value.

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Read the following story, as it will help to make clear to you what we mean by a “transaction”:-

Mrs. Byer went into Patel Grocery Store. “A kilo bag of basmati rice, please”, she asked the shop assistant. “Certainly, madam”, he replied. He removed a bag from a shelf behind him and handed it to her, saying: “That will be four Units, please”. She took the bag from him and put it into her shopping basket. She opened her handbag, and exclaimed: “Oh dear! I seem to have left my purse at home”. “Don’t worry, Mrs. Byer”, said the shop assistant, “pay us next time you come in”. “Thank you, young man”, she said with relief, “I shan’t forget to pay you on Thursday”.

Let us look more closely at what happened. As **bookkeepers**, we are interested only in the **TRANSFER** of money or something worth money. So what happened of interest to us? The answer is quite easy; **TWO** things happened, at the same time:-

Patel Grocery Store **GAVE OUT** a kilo bag of rice worth four Units,

**whilst**

Mrs. Byer **RECEIVED** a kilo bag of rice worth four Units.

Therefore, a **TRANSACTION** - worth 4 Units\* in this case - took place.

\*Note: This Course is studied by Members in many different countries. To avoid confusion, we use the word ‘**Unit**’ when referring to amounts of money: currency (notes and coins). You should read the word “Unit” as being the **name of the currency** - which might be pound or shilling or dollar or kwacha or riyal or rupee or another - **used in your own country**.

Let us return to the story on the previous page. If you were the bookkeeper for the business called Patel Grocery Store, your job would be to **record information about the transaction** in the Books of that business. Because **TWO** things happened, you would need to make **TWO** entries somewhere in the Books:-

1. An entry to show that the business **GAVE OUT** - sold - “**goods**” (rice in this case) worth 4 Units;

**and**

2. An entry to show that Mrs. Byer **RECEIVED** goods worth 4 Units, but had **not** paid for them - she still **OWES** that money **TO** the business.

Those two entries are very important. They will at once tell you, and the management of the business:-

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(a) what happened to the goods: they were **SOLD**, that is, given out;

and

(b) that the value of the goods (4 Units) is **OWED TO** the business.

Without such records - which are **made up of 'entries'**, remember - it would be very easy to forget what happened and, most importantly in this case, to forget that money was **DUE TO** the business!

Let us now continue with the story:-

On Thursday afternoon, Mrs. Byer returned to the shop. "Good afternoon, madam", said the shop assistant. "Good afternoon", replied Mrs. Byer. "Here is the money for the rice I bought on Monday", she explained, handing four 1-Unit currency notes to him. "Thank you", he said, "is there anything you would like today?"

What happened this time - which is of interest to us, **as bookkeepers?**

Jot down on a piece of paper what you think happened - before you look at our explanation, printed upside-down:

Patel Grocery Store **RECEIVED** the sum of 4 Units in cash.

whilst

Mrs. Byer **GAVE OUT** the sum of 4 Units in cash,

Again **TWO** things happened, at the same time:

As bookkeeper for the business, you would need to **record information about that transfer** - or transaction - in its Books. Again, because **TWO** things happened you would need to make **TWO** entries:-

1. An entry to show that 4 Units of cash were **RECEIVED** by the business,

and

2. An entry to show that Mrs. Byer **NO LONGER** owed any money to the business.

Those new entries "UPDATE" the situation. At any later time, by "reading" the four entries in date order, we shall know **what happened** - from a bookkeeping point of view.

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You might, perhaps, not feel that all the four entries made were really necessary. But consider that even in a small business, dozens or hundreds - or even thousands - of transactions might take place every day. It would be quite impossible for any one person to remember them all. Yet **every** single transaction affects the business **financially!** It is the very important task of bookkeepers to record information about each and every transaction, and in such a way that their **effects** can be seen.

The two parts of our story show **two** transactions taking place: firstly the transfer of goods, and secondly the transfer of money. However, very often the sequence is "completed" at one and the same time.

Suppose, for example, that on opening her handbag Mrs. Byer **had** found her purse in it. She would have taken out the money and **PAID AT ONCE** for the rice. In other words, the "transaction" would then have been the transfer of goods worth 4 Units from the business to Mrs. Byer **in exchange** for the transfer of 4 Units in cash from Mrs. Byer to the business.

In such a case, the business is said to have made a **CASH SALE**. To record the cash sale in the Books of the business, you would need only:-

1. An entry to show that goods worth 4 Units had been **SOLD** (given out) by the business:  
  
and
2. An entry to show that 4 Units in cash had been **RECEIVED** by the business.

Remember always that - as a bookkeeper - you really will be concerned with the ways in which transactions **affect** the business whose Books you are "keeping". Every transaction will affect the business in TWO ways. For instance, in the case of the cash sale:

1. The value of the goods the business had left for sale went **down** (by 4 Units) - because it had sold (given out) some worth that amount;  
  
but at the **same** time
2. The value of the cash it had "in hand" went **up** (by 4 Units) because it had received that sum.

It is important for you to remember that "an entry" in a Book of Account is a **piece of information** ABOUT a transaction which has taken place. As you have seen, we always need TWO entries - or pieces of information - in the Books to record **each** transaction that takes place. The two entries will always be made **after** the transaction has taken place.

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There are different types of transactions, and their effects on a business might differ. But they must **all** be recorded in its Books. What is more, the records of the transactions must always be **accurate** and **up to date**.

You now have a basic understanding of what bookkeeping involves. We can thus start, in the other Modules of the Course, showing you some of the Books of Account, the types of transactions recorded in them, and how entries are made in them.

Do be quite **sure** you really understand **everything** we have taught you in this Module before you go any further. Do **not** rush the study of this Module (or any other Modules). A **good bookkeeper** is one who takes **time** and **care** and who is **meticulous**, so that his or her work is always ACCURATE.



- ★ Bookkeeping involves **KEEPING RECORDS ABOUT TRANSACTIONS** in the Books of Account of an organisation.
- ★ In every transaction that takes place, one party **RECEIVES** value, whilst another party **GIVES OUT** the **SAME** value.
- ★ An **ENTRY** is a **PIECE OF INFORMATION** about a transaction which has taken place.
- ★ We always need to make **TWO** entries - **PIECES OF INFORMATION** - in the Books to fully record a transaction.

## SELF-ASSESSMENT TEST ONE

Recommended Answers to these Questions - against which you may compare your answers - will be found on page 14. The maximum mark which may be awarded for each Question appears in brackets at the end of the Question. Do **NOT** send your answers to these Questions to the College for examination.

**No.1.** Write down five different activities which are involved in "keeping" Books of Account.  
(maximum 20 marks)

**No.2.** What do we mean, in bookkeeping, by a "transaction"?  
(maximum 20 marks)

**No.3.** Why do we always need **two** entries to be made in the Books to record any transaction that occurs?  
(maximum 20 marks)

**No.4.** What do we mean by the term a "cash sale"?  
(maximum 20 marks)

**No.5.** Place a tick in the box  against the **one correct** statement in each set.

(a) *If one party to a transaction receives value:*

- 1  another party also receives the same value.
- 2  no entries in the Books of Account are necessary.
- 3  another party receives the same value.
- 4  that transaction is called a cash sale.

(b) *The action of recording a piece of information in a Book of Account is called:*

- 1  making a transaction.
- 2  making an entry.
- 3  making a transfer.
- 4  making room for more information.

(c) *In bookkeeping an "entry" is*

- 1  when a bookkeeper arrives in the morning for work.
- 2  finding information quickly in the Books of Account.
- 3  the exchange of value between two parties.
- 4  a piece of information recorded in the Books of Account.

(d) *All bookkeeping records must:*

- 1  be made at the time a transaction takes place.
- 2  always be accurate and up to date.
- 3  be written as rapidly as possible to save time.
- 4  show only values received by a business.

(5 marks for a statement correctly ticked - maximum 20 marks)

## **RECOMMENDED ANSWERS TO SELF-ASSESSMENT TEST ONE**

**No.1.** Five different activities which are involved in “keeping” Books of Account are:-

- \* **Recording** pieces of information, that is making **entries**, in the Books.
- \* Ensuring that the information recorded in the Books is always **accurate** and **up to date**.
- \* **Protecting** and **safeguarding** the Books and the valuable information they contain, from loss or damage.
- \* Ensuring that information recorded in the Books can be **found quickly** when needed.
- \* **Presenting** some or all of the recorded information in various ways, so that it can be used for different purposes.

**No.2.** In bookkeeping, we look upon a TRANSACTION as any **transfer** of something of **value** (money or money’s worth) between one person or organisation and another. The essential feature of a transaction in bookkeeping, is that one party gives out the value, whilst at the same time the other party receives the same value.

**No.3.** We need **two entries** to record a transaction in the Books of Account, because in every transaction **two** things happen: one party gives out something of value, whilst at the same time another party receives that same value.

**No.4.** The term **cash sale** means that something is sold, and the buyer (the customer) pays its value **at once**. In other words, a business **exchanges** goods for money, and the transaction is completed then and there.

**No.5.** The right statement from each of the sets selected and ticked:

- (a) 3  (b) 2  (c) 4  (d) 2

## **WHAT YOU WILL LEARN IN MODULES 2 TO 12 OF CIC'S COURSE ON PROFICIENT BUSINESS BOOKKEEPING**

### **Module 2 - The Ledger**

The Ledger as the main Book of Account  
The role of Subsidiary Books; why they  
are also called Books of Original Entry  
Types of information the Ledger contains -  
and can provide  
Ledger Accounts  
account names  
examples of named accounts and what they will record  
important rules concerning Ledger accounts  
The debit side of a Ledger account -  
what it records  
The credit side of a Ledger account -  
what it records  
The columns in Ledger accounts - what they record  
Practice in "reading" Ledger accounts -  
rules to observe in doing so  
Ruling off accounts  
Practice in making entries in Ledger accounts  
**Key Facts**

### **Module 3 - The Cash Book**

The Cash Book as Cash Account of a business -  
what it records  
Rulings of a simple Cash Book:  
its debit and credit sides -  
what they record  
the columns on either side -  
what they record  
Practice in "reading" entries in a Cash Book  
Balancing a Cash Book:  
steps to take to arrive at the balance of cash in hand  
steps to take once the balance has been arrived at  
Practice in making entries in a Cash Book  
Practice in balancing a Cash Book  
Some abbreviations commonly used in bookkeeping  
**Key Facts**

### **Module 4 - Double-Entry Bookkeeping**

The concept of "double-entry" made simple  
The dual aspects - receiving and giving - of a transaction  
Why we need two entries to record a transaction  
The First Golden Rule of Double-Entry Bookkeeping  
what we mean by "corresponding"

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The Second Golden Rule of Double-Entry Bookkeeping  
Posting to the Ledger  
Rules for posting from the Cash Book to the Ledger  
Examples of double-entry for transactions  
Practice in completing double-entry  
Ledger folios and account numbers  
    why they are used  
    Ledger indexes

### **Key Facts**

## **Module 5 - Cash Sales and Credit Sales**

When a cash sale is made  
The cash sale slip:  
    information it may contain  
Recording cash sales in the Cash Book  
    posting them to the Ledger  
    completing the double-entry at one time  
When a credit sale is made  
The invoice - information it may contain:  
    when 'blank', when 'completed'  
Specimens of blank and completed invoices  
The Sales Book:  
    its function, how it is ruled, what information it records  
Ledger entries for credit sales:  
    posting to the customers' accounts  
    why the corresponding entry is 'delayed'  
Rules for recording credit sales in the Books  
Sales account in the Ledger  
Recording payments for credit sales made 'earlier'  
Practice in making entries in:  
    the Cash Book  
    the Sales Book  
    Ledger accounts  
Checking the double-entry is complete  
**Key Facts**

## **Module 6 - Cash and Credit Purchases**

Special meanings of words when used in bookkeeping:  
    goods, purchase, supplier  
When a cash purchase is made  
The supplier's cash sale slip or receipt,  
    what information it may contain  
Recording cash purchases in the Cash Book  
    posting them to the Ledger  
    completing the double-entry at one time  
When a credit purchase is made  
The supplier's invoice -  
    information it may contain, specimen  
The Purchases Book:  
    its function, how it is ruled, what information it records  
Ledger entries for credit purchases:  
    posting to the suppliers' accounts  
    why the corresponding entry is 'delayed'

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Rules for recording credit purchases in the Books  
Purchases account in the Ledger  
Recording payments for credit purchases made 'earlier'  
Practice in making entries in:  
    the Cash Book  
    the Sales Book  
    the Purchases Book  
    Ledger accounts

### **Key Facts**

### **Module 7 - More About Ledger Accounts**

Classes of Ledger accounts:  
    Personal accounts - what they record  
    Nominal accounts - what they record  
    Real accounts - what they record  
Posting to the three classes of Ledger accounts  
Balancing Ledger accounts:  
    steps to be taken  
Examples of balances on personal, nominal and real accounts  
Debit balances and credit balances  
Accounts with all entries on one side only  
Accounts with only one entry  
Accounts with no balance  
The Cash Book  
Capital Account

### **KEY FACTS**

### **Module 8 - The Trial Balance**

Revision Exercise  
Fully-worked Solution to the Revision Exercise  
The "Golden Rules" of double-entry:  
    why the total values of debit and credit entries  
    should always be equal  
Proving the arithmetical accuracy of bookkeeping work  
Extracting a Trial Balance  
A Trial Balance examined -  
    what it contains and what it does not contain  
Why we "extract" Trial Balances:  
    the importance of accuracy in bookkeeping  
    dangers of inaccurate bookkeeping  
"Agreeing" the Trial Balance  
What must be done if the Trial Balance does not agree  
Finding bookkeeping errors which may have been made:  
    checks to make, and the best order in which to make them  
    examining the amount of the "difference"  
    practical "tips" on locating bookkeeping errors  
Types of errors not revealed even by an "agreed" Trial Balance:  
    errors in original entry  
    errors of principle  
    compensating errors  
    errors of omission

### **KEY FACTS**

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### **Module 9 - Recording Bank Transactions**

Why bank accounts are used:  
safety and convenience  
Cheques and what they are  
Features of a specimen cheque examined  
The counterfoil of a cheque:  
its purpose and what it records  
Opening a bank account  
Deposits of money into the bank as "transactions"  
Double-entry for deposits of money into the bank  
Using the "four value column" Cash Book  
Contras - completing the double-entry in the Cash Book  
A completed cheque and its counterfoil examined  
Recording the issue of cheques in the Cash Book  
Deposit slips and their counterfoils  
Withdrawing money from the bank  
Double-entry as Contras for withdrawals  
Balancing the four value column Cash Book  
Bank Statements - what they show, reading the data  
a specimen Statement examined  
Reasons why the Cash Book and Statement balances may differ:  
unrecorded deposits  
unpresented cheques  
bank charges  
Reconciliations, layouts and contents  
**KEY FACTS**

### **Module 10 - Other Subsidiary Books**

The Journal - types of transactions it records  
rules for recording transactions/making Entries  
rules for posting from the Journal  
the Narration  
using the Journal for the correction of errors  
The Journal Opening Entry:  
calculating Capital  
opening Ledger accounts and a Cash Book  
Returns: why they may be made  
returns inwards - the issue of Credit Notes  
returns outwards  
recording returns inwards and outwards in the Journal  
The Returns Inwards Book:  
what it records, sources of information  
rules for posting from the Returns Inwards Book  
Returns Inwards account  
The Returns Outwards Book:  
what it records, sources of information  
rules for posting from the Returns Outwards Book  
Returns Outwards account  
**KEY FACTS**

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### **Module 11 - Final Accounts (1)**

The meaning of Profit:  
how gains can arise in business  
profits as increases in Capital  
Drawings  
The meaning of Loss:  
how losses can arise in business  
losses as reductions of Capital  
How profits can arise - cost price, selling price and expenses  
The Role of the Bookkeeper  
The financial or trading year  
Stocktaking and Valuation  
Journal Closing Entries  
The Trading Account:  
its purpose - what it is designed to show  
types and sources of information transferred to it  
gross profit and gross loss  
The Profit & Loss Account  
its purpose - what it is designed to show  
sources of information  
net profit and net loss  
Horizontal and vertical layouts of Final Accounts  
**KEY FACTS**

### **Module 12 - Final Accounts (2)**

The Balance Sheet as a financial statement:  
how it differs from the Final Accounts  
the information it contains  
horizontal and vertical layouts  
the date on the Balance Sheet  
the owner's Capital position  
value of goods  
the order of assets  
Capital and Drawings:  
Capital account and Drawings account -  
before and after preparing the Final Accounts  
Drawings as the trader's "returns"  
Drawings as a reduction of Capital  
Adjustments - why they may be necessary  
pre-payments, how they arise  
accruals, how they arise  
depreciation, why and how it may be charged  
taking adjustments "into account"  
effects they can have on net profit or loss  
practical example examined  
Net Losses in the Final Accounts  
**KEY FACTS**

### **Glossaries of Bookkeeping Terms Introduced in Manuals One and Two**