

Bookkeeping

(A resource for community advice offices and community-based paralegals brought to you by NADCAO, from the Paralegal Manual published by the Education and Training Unit and the Black Sash.)

Just as you keep records of meetings and letters, you also need to keep the records of the organisation's money. Bookkeeping means keeping records of all the money that you collect and all the money that you spend.

Always keep **every** piece of paper connected with money, such as invoices, receipts and cancelled cheques.

The books you keep must show:

- Income
all the money that comes into the organisation (fundraising, donations, and so on)
- Expenditure
all the money that is spent (for example on postage, petrol or stationery)
- Balance
the money that is left over at the end of each month

You keep books so that members can always find out what happens to the money. You need to know how much money you have and how much you still need to collect.

Opening a bank account

When you put money into a bank, the bank opens an account for you. When you open a new account you must know:

- What kind of account will be appropriate for your organization (savings, cheque)?
- What is the name of your account?
- Who will have authority to sign on the account (the signatories)?

The easiest kind of account for an organisation to use is a cheque or current account. The committee of your organisation decides who is allowed to sign for money. The bank will only give money to those people whom they know are allowed to sign for money. There should be at least two (2) signatories to the account. This means two signatories must sign before money can be withdrawn from the account. The two signatories should be members of the management or executive committee who are usually available to sign cheques. It is better not to have any of the paid workers as signatories.

The cheque book is used to draw money out of the account. Only those signatories who have authority to sign your organisation's cheque can sign a cheque. Cheques can also be used to pay someone directly, such as for rent

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or electricity and are usually used for payments over R50. Money can also be transferred electronically into people's accounts but if you want to implement an electronic system you will need to put strict guidelines and clear restrictions as to who will have the authority to do these transfers.

Cash can be taken out of the bank to make small payments, such as for stamps, tea, paper and so on. This money is called petty cash.

Putting money into the account - Putting money into the account is called making a deposit. When you deposit money you fill in a form at the bank called a deposit slip. A copy of the deposit slip will be given to you. You must file this for your records.

- Taking money out of the account - Taking money out of the account is called a withdrawal. With a cheque account, you use a cheque to withdraw money. A cheque is a form that can be used instead of money. On the left hand side of the cheque is the STUB. The stub stays in the cheque book as your record of the cheques you sign. It is important to fill in the stub carefully.
- The bank statement - Once a month you will receive a bank statement. This is a record of cheques issued in that month and of all the deposits and withdrawals made that month.

Daily records

The most important books that you must keep for your daily records are:

- receipt book
- petty cash vouchers and record book

Receipts - When anyone hands any money into the organisation you must give them a receipt. This receipt proves that money was handed in. You give the original receipt to the person who gave in the money, and the duplicate is left in your receipt book.

When you receive money you should deposit it in the bank as soon as possible. It must never be used as petty cash.

Petty cash

Petty Cash Voucher / Kleinkasbewys

Date / Datum 15/3 2007

FOR WHAT REQUIRED BENODIG VIR	AMOUNT BEDRAG
Stamps + Envelopes for AGM minutes	60 25

Signature / Handtekening Mrs Kadebe

Folio _____ Passed by Ngwenya
Goedgekeur

You should keep some money in the office for small payments. If you need R100 for stamps, tea or milk, you will use petty cash to make these payments.

How does petty cash work?

- The treasurer draws an amount of money out of the bank, using a cheque. This amount could be R100 or more depending on what your monthly expenses are and how busy your office is.
- This money is put in a locked metal box called a petty cash box.
- If someone needs money to pay for something for the organisation, the treasurer will give it to them from the petty cash box.

All the petty cash that is spent must be recorded on a petty cash voucher.

The receipts or invoices or cash slips that you get when you pay for something must be kept. These slips should be pinned onto the petty cash vouchers.

No 473 18/4/2007 ①

Received from Mrs Mgade ② R c

Ontvang van

the sum of Fifty ③

die som van

— Rand cents sent 50 00 ③

for Membership ④

vir Ngwenya ⑤ OCA

With thanks/Met Dank

(cheque) ⑥

The petty cash book

At the end of each month the treasurer must record the information from all the vouchers into the petty cash book. You can use an ordinary school exercise book for the petty cash book. At the end of the month, the petty cash book must be balanced.

To do this you must:

1. Add up the expenditure column to get a total. This is called total expenditure.
2. The treasurer must then put money back into the petty cash box the same amount of money he or she took out during the month. So, in other words, he or she must put back the total expenditure.
3. He or she then records this under income and adds up the income column.

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Monthly income and expenses records

- The cash book

At the end of each month all the records you keep during the month are recorded in one book called the CASH BOOK. This includes all **bank deposit slips, cheques, receipts** and **petty cash**. You can buy cash books at stationery shops.

The deposit slips are the records of the income.

The cheques and the petty cash book are the records of the expenditure.

The income and expenditure are recorded in the cash book.

The whole of the left hand page is the INCOME side of the cash book. The whole of the right hand side page is the EXPENDITURE side.

APRIL 2007			
DATE	DETAILS	INCOME	EXPENDITURE
1	Balance	300,00	
7	Stamps for AGM minutes		40,00
12	Glue & cardboard for poster		15,00
17	Envelopes for office use		22,00
19	Milk & sugar for office use		16,00
20	New window for office		34,00
21	Tea for office		15,00
25	Paper for printer		30,00
	TOTAL EXPENDITURE		172,00

In this example there are 5 main columns on the income left-hand page:

- Receipt number
- Date of receipt
- Details
Write the name of the person or organisation who gave the money.
- Analysis columns
The analysis columns tell us the kind of income it was, for example donations, subscriptions, books, sundries, and so on. You must decide how many columns you need and what headings you need for these columns. Sundries is for any kind of income - it is like a 'general' column (see the example below).
- Bank
The **deposits** you put into the bank account are filled in this column.

The amount from each receipt must be written in the correct **analysis** column. The amount is also written under **bank** when you deposit the money (see example below).

CASH ANALYSIS

Rec No	Date	Details	Sundries	Donations	Books	Subs	Bank
	1	Balance	335,54				335,54
473	2	Mrs Radebe				32,00	
474	3	Mr Johnson		50,00			
475	4	Mrs Mgade			23,50		65,50
476	14	Mr Nkosi				32,00	32,00

All the cash and cheque payments and bank charges are recorded on the expenditure page. This is the right hand page of the cash book.

In this example there are 5 main columns on the expenditure page:

- Cheque number (the actual number of the cheque not the amount)
- Date of each cheque
- Details
Write the name of the person or organisation to whom the cheque was made out. For a cash cheque, write '**cash**' and what the cash was used for (for example petty cash).
- Analysis
The analysis column tells you what your expenses were, for example petty cash, rent, printing, transport, sundries, and so on. You must decide how many columns you need and what headings you need for the columns.
- Bank
You write down any **withdrawals** from the bank.

All expenditure must be written in the correct **analysis** column and under **bank**. Bank charges are always recorded under 'sundries'.

- Balancing the cash book

After you have recorded the income and expenditure, you need to work out how much money is left over at the end of the month. This is the **balance**. To get the balance, subtract the expenditure from the income.

For example, if your total income for May 2009 was R12 571 and the total expenditure was R10 305. To find out how much money was left over subtract R10305 from R12 571.

The balance is R2 266. The balance in your cash book should be the same as the balance in your bank account.

- Adding up the analysis columns

The analysis columns tell us what **kind** of expenditure and what kind of income there was. The analysis columns help us to answer questions like 'how much money did we get from subs from members in May 20..... To answer this kind of question you need to find the totals for each analysis column.

Acc No	Date	Details	Subs	Members	Books	Subs	Bank	Cheque No	Date	Details	Post Card	Cont	Printing	Bank Fees	Subs	Bank
	1	Balance	385,54				385,54	153	1	Cash	79,00					79,00
473	2	Mrs Kadebe			32,00			154	4	Small printer		18,50				18,50
474	3	Mr Johnson		50,00				155	7	Johannesburg Motors				124,8		124,8
475	4	Mrs Mgale			23,50		69,50	156	11	Road Furniture				15,00	25,00	
476	4	Mr Nkomo			32,00	32,00		157	24	Small Printer			36,18			36,18
477	17	Matthews Trust		150,00				158	25	L.K. Jacobs	44,34					44,34
478	17	Comer Bookshop			44,50	174,50			30	Bank Charges				22,12	22,12	
479	21	Miss Ngwenya			32,00					SUB-TOTALS	79,00	44,34	18,50	124,8	67,12	674,74
480	21	Mr Mavani			32,00	44,00				Balance					216,69	216,69
		TOTAL	385,54	284,00	68,00	128,00	670,54			TOTAL	79,00	44,34	18,50	124,8	245,31	670,54

Monthly report-backs

The treasurer must give a monthly report to the management or executive committee on the income and expenses of the organisation for that month. All the books should be up-to-date for the reportback, for example, the petty cash book and the monthly cash book. The treasurer should have all the cash slips, bank statements, cheque book stubs, invoices, petty cash vouchers, receipts and so on, at the meeting in case there are questions from the committee.