**English**

**Title: Bookkeeping**

**Objectives:**

* Students will learn some concepts about the job of bookkeepers.
* Students will know how to record day-to-day transactions in the ledgers.

**Introduction:**

This text provides some basic accounting concepts about double-entry bookkeeping, day books, ledgers, and balancing the books.

1. **Double-entry bookkeeping**

Ahmed Y. works in the accounting department of a trading company:

‘I began my career as a bookkeeper. **Bookkeepers** record the company’s daily **transactions**: sales, purchases, debts, expenses, and so on. Each type of transaction is recorded in a separate **account**-the cash account, the liabilities account, and so on.**Double-entry bookkeeping** is a system that records two aspects of every transaction.

Every transaction is both a **debit**-a deduction- in one account and a corresponding **credit**-an addition- in another. For example, if a company buys some raw materials -the substances and components used to make products- that it will pay for a month later, it debits its purchases account and credits the supplier’s account. If the company sells an item on credit, it credits the sales account, and debits the customer’saccount. As this means the level of the company’s stock -goods ready for sale- is reduced, it debits the stock account. There is a corresponding increase in its **debtors** -customers who owe money for goods or services purchased- and the debtors or accounts payable account is credited. Each account records debits on the left and credits on the right. If the bookkeepers do their work correctly, the total debits always equal the total credits’

1. **Day books and ledgers**

‘For accounts with a large number of transactions, like purchases and sales, companies often record the transactions in **daybooks** or **journals**, and then put a daily or weekly summary in the main double-entry records.

In Britain, they call the main books of account nominal ledgers. Creditors -suppliers to whom the company owes money for purchases made on credit- are recorded in **boughtledger**. They still use these names, even though these days all the information is on a computer.

1. **Balancing the books**

‘at the end of an **accounting period**, for example a year, bookkeepers prepare a **trial balance** which transfers the debit and credit balances of different accounts onto one page. As always, the total debits should equal the total credits. The accountants can then use these balances to prepare the organization’s financial statements.’

**Summary:**

* Bookkeeping is the day-to-day recording of a company transaction.
* Every transaction is both a **debit** in one account and a corresponding **credit** in another account.