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## THE ONE-BOOK ACCOUNTING SYSTEM:

### A Guide For Small Service Industry Businesses

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# **THE ONE-BOOK ACCOUNTING SYSTEM:**

**A Guide For Small  
Service Industry Businesses**

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**THE ONE BOOK ACCOUNTING SYSTEM:  
A GUIDE FOR SMALL SERVICE INDUSTRY  
BUSINESSES**

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## INTRODUCTION

This book is one of a series of four one-book accounting system guides written and prepared by the Manitoba Institute of Management Inc. (MIM). They have been produced through funding from Industry, Science and Technology Canada for the Research and Advocacy Program of the Canadian Aboriginal Economic Development Strategy, and are designed to assist Aboriginal people across Canada to achieve sound financial management through the use of basic accounting practices. The titles in the series are:

Small Retailers  
Small Wholesalers  
Small Service Business  
Small Manufacturers

These guides are available by contacting an Aboriginal Business Development Program Officer in your region about your proposed business project.

The One Book Accounting System book provides clear, step-by-step instruction in basic accounting procedures specifically designed for new or existing service businesses. The System allows you to record all of your financial transactions in one book. This recorded information can provide you with a clear picture of where your business stands at any given time, which is the key to sound financial management.

There are three major parts to System:

PART A FINANCIAL RECORDS

PART B FINANCIAL STATEMENTS

PART C FINANCIAL ANALYSIS

This book is designed as a counselling guide. It is the experience of MIM that it is most effective if you complete one section at a time. In this way, you can concentrate on one area without being overwhelmed by the total subject matter. When you feel confident about your understanding of one section, then you will move on to the next. Should you have questions about the information in this book, please contact the business development officer who provided it to you.

**THIS GUIDE IS DESIGNED TO ASSIST THE READER TO DEVELOP SOUND FINANCIAL ANALYSIS OF A NEW OR EXISTING ENTERPRISE BUT CANNOT GUARANTEE SUCCESS IN BUSINESS.**

**NOTE THAT THE EXAMPLES USED ARE NOT OF ANY ACTUAL BUSINESSES AND ARE PROVIDED SOLELY FOR THE PURPOSES OF EXPLAINING THE ELEMENTS OF AN ACCOUNTING SYSTEM.**

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**PART A      FINANCIAL RECORDS**





## STEP 1 GETTING STARTED

Examine Figure 1 on page 7. This example details the format for the One Book Accounting System for Service Industry Businesses. You will notice that there are twenty columns. These twenty columns are sufficient to handle any financial transactions that are likely to occur in your business.

Now examine the column descriptions. The first three columns, for instance, represent the "*cash*" account and are used to record cash received, cash paid out and the cash balance. You will find another three columns representing monies paid in, monies paid out and the balance under each of the three subsequent headings which include the "*bank*" account, accounts receivable, and accounts payable.

All the other items you would need to record are included here, except for a breakdown of expenses. Notice that column twenty is intended for recording all expenses. (You will find an easy way to keep track of expense information in Step 2).

Before proceeding any further, however, let us first define what is meant by each account category, taking them in turn as they appear in the example of Figure 1. At the outset, it is important to clarify what kind of information belongs in each category.

**CASH** - (Columns 1 to 3) consists of funds that are immediately available for use without restrictions. Cash includes currency and coin, cheques awaiting deposit, bank drafts, and money orders.

**BANK** - (Columns 4 to 6) includes money on deposit with the bank, usually in the form of a current account.

**ACCOUNTS RECEIVABLE** - (Columns 7 to 9) are amounts owed to the service firm by its customers and others. This category includes all fees for services rendered by your business. It might also include claims for income tax refunds or general sales tax (GST) rebates.

**ACCOUNTS PAYABLE** - (Columns 10 to 12) are short-term liabilities owed by the service firm to its suppliers and other vendors or agencies (i.e. sub-contractors). These accounts usually arise from the purchase of merchandise or service.

**OTHER ASSETS** - (Column 13) are all assets other than Cash, Bank Deposits, or Accounts Receivable. In most instances these assets will be equipment (such as a cash register) which have a relatively long life and are used in the operation of the firm. These assets, commonly called fixed assets, are owned by the service firm and are not intended for resale. In this column you would record the present dollar value of your fixed assets. In some cases, OTHER ASSETS may also be used for WORK IN PROGRESS which will be explained later.



**Figure 1 - One Book Accounting System Entries**

[illegible]



EXAMPLE: THE GENERAL CONTRACTING COMPANY

Figure 2 - Expense Distribution

		21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40																					
	DATE	REMARKS	CHEQUE	OWNER'S DRAWINGS	PAYROLL				RENT	PROPERTY & BUSINESS TAX	REPAIR & MAIN- TENANCE	ADVERTISING	AUTO- MOBILE	DELIVERY	DUES & LICENSES	INSURANCE	INTEREST	LEGAL & AUDIT	SUPPLIES	TELEPHONE	TRAVEL	UTILITIES	OTHER
					NET PAY	INCOME TAX	INSURANCE	PENSION															
1																							
2																							
3	Mar. 1	Cash Short																					
4	Mar. 2	Charge off bad debt.																					1.00
5	Mar. 3	X.Y. Rent Company	304						400.00														65.00
6																							
7																							
8																							
9																							
10																							
11																							
12																							
13																							
14																							
15																							
16																							
17																							
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19																							
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21																							
22																							
23																							
24																							
25																							
26																							
27																							
28																							
29																							
30																							
31	Mar. 31	TOTAL MONTH		514.00	11,000.00	3,157.00	511.00	513.00	360.00	50.00	4.00	250.00	200.00	120.00	40.00	70.00	20.00	50.00	100.00	40.00	15.00	30.00	37.00
32																							
33																							
34																							
35																							
36	Mar. 31	YEAR-TO-DATE		1,842.00	33,000.00	9,471.00	1,433.00	1,536.00	1,170.00	106.00	10.00	300.00	550.00	325.00	120.00	210.00	60.00	50.00	312.00	80.00	40.00	85.00	150.00



### USING THE "IN" AND "OUT" RULE TABLE

The **"In"** and **"Out"** Rule Table in Table 1 gives you a breakdown of almost every transaction that is likely to occur in a construction/contracting business and tells you how to record it. If you follow the rule table closely, you should not go wrong. The left hand column lists 25 different business transactions, while the remaining two columns tell you where to record the **"In"** and **"Out"** amounts. Every transaction must have at least two entries. The amount of the **"Ins"** must always equal the amount of the **"Outs"**.

	<b>TYPE OF TRANSACTION</b>	<b>IN COLUMN TITLE</b>	<b>COL #</b>	<b>OUT COLUMN TITLE</b>	<b>COL #</b>
A	CONTRACT REVENUE RECEIVED (CASH)	CASH - RECEIVED	1	CONTRACT REVENUE	17
B	CONTRACT REVENUE RECEIVED (BY CREDIT)	A/R - RECEIVABLE	*7	CONTRACT REVENUE	17
C	SUNDRY CASH RECEIVED	CASH - RECEIVED	1	OTHER INCOME	16
D	SUNDRY INCOME RECEIVED (BY CREDIT)	A/R - RECEIVABLE	*7	OTHER INCOME	16
E	BANK WITHDRAWAL	CASH - RECEIVED	1	BANK - WITHDRAWAL	5
F	RECEIVED ON ACCOUNT	CASH - RECEIVED	1	A/R - COLLECTED	*8
G	CHARGE OFF BAD DEBTS	EXPENSES	**20	A/R - COLLECTED	*8
H	FIXED ASSET PURCHASE BY CASH	OTHER ASSETS	13	CASH - PAID OUT	2
I	FIXED ASSET PURCHASE BY CHEQUE	OTHER ASSETS	13	BANK - WITHDRAWAL	5
J	FIXED ASSET PURCHASE BY CHARGE	OTHER ASSETS	13	A/P - PAYABLE	*11
K	SERVICE REVENUE RECEIVED (CASH)	CASH - RECEIVED	1	SERVICE REVENUE	18
L	SERVICE REVENUE RECEIVED (BY CREDIT) e.g. Overdue	A/R - RECEIVABLE	*7	SERVICE REVENUE	18
M	EXPENSE PAYMENT FOR A CONTRACT BY CASH	DIRECT EXPENSES	19	CASH - PAID OUT	2
N	EXPENSE PAYMENT FOR A CONTRACT BY CHEQUE	DIRECT EXPENSES	19	BANK - WITHDRAWAL	5
O	EXPENSE PAYMENT FOR A CONTRACT BY CHARGE	DIRECT EXPENSES	19	A/P - PAYABLE	*11
P	EXPENSE PAYMENT FOR THE BUSINESS BY CASH	EXPENSES	**20	CASH - PAID OUT	2
Q	EXPENSE PAYMENT FOR THE BUSINESS BY CHEQUE	EXPENSES	**20	BANK - WITHDRAWAL	5
R	EXPENSE PAYMENT FOR THE BUSINESS BY CHARGE	EXPENSES	**20	A/P - PAYABLE	*11
S	CASH BALANCE SHORT	EXPENSES	**20	CASH - PAID OUT	2
T	BANK DEPOSIT	BANK - DEPOSITS	4	CASH - PAID OUT	2
U	CHEQUE RETURNED (NSF)	A/R - RECEIVABLE	*7	BANK - WITHDRAWAL	5
V	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	14
W	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	14	BANK - WITHDRAWAL	5
X	INTEREST ON LOAN	EXPENSES	**20	BANK - WITHDRAWAL	5
Y	INCREASE CAPITALIZATION	BANK - DEPOSITS	4	OWNER'S INVESTMENT	15

\* Also posted to sub-ledger  
 \*\* Also posted to expense distribution

A/R Account Receivable  
 A/P Accounts Payable



**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

### Figure 3 - "In-Out " Example Entries

		1234567891011121314151617181920																						
	DATE	REMARKS	CHEQUE	CASH			BANK			ACCOUNTS RECEIVABLE			ACCOUNTS PAYABLE			OTHER ASSETS	OTHER LIABILITIES	OWNER'S INVESTMENT	OTHER INCOME	CONTRACT REVENUE	SERVICE REVENUE	DIRECT EXPENSES	INDIRECT EXPENSES	
				RECEIVED	PAID OUT	BALANCE	DEPOSITS	WITH-DRAWALS	BALANCE	RECEIVABLE	COLLECTED	BALANCE	PAID	PAYABLE	BALANCE									
				IN	OUT		IN	OUT		IN	OUT		IN	OUT										IN(OUT)
1																							1	
2	A	Contract Revenue received in cash		100.00																			2	
3	B	Contract Revenue received - credit								200.00										100.00			3	
4	C	Sundry cash received		10.00																200.00			4	
5	D	Sundry income by credit								20.00									10.00				5	
6	E	Bank withdrawal		500.00				500.00											20.00				6	
7	F	Payment of account balance		50.00																			7	
8	G	Write-off bad debt.								50.00													8	
9	H	A.B.C. Typewriter			1,200.00					400.00													9	
10	I	X.Y.Z. Office Equipment Co.						1,300.00							1,200.00							400.00	10	
11	J	Computer Company Inc.													1,300.00								11	
12	K	Service revenue received in cash		700.00										4,000.00		4,000.00							12	
13	L	Service revenue received by credit								10.00										700.00			13	
14	M	ABC Handy Helpers (sub-contract)			300.00															10.00			14	
15	N	X.Y. Carpenters						4,200.00														300.00	15	
16	O	T.D. Engineering Consultants																				4,200.00	16	
17	P	Cleaning supplies			15.00									2,400.00									2,400.00	17
18	Q	X.Y. Rent Co.						450.00															15.00	18
19	R	A.B. Typewriter Service																					450.00	19
20	S	Cash short			1.00									15.00									1.00	20
21	T	Bank deposits					800.00																	21
22	U	Bad cheque						20.00		20.00														22
23	V	Loan from bank					4,000.00																	23
24	W	Pay off Loan C						2,800.00									4,000.00							24
25	X	Interest on Loan C						215.00									(2,000.00)							25
26	Y	Increase owner's investment				20,000.00											20,000.00							26
27																								27
28																								28
29																								29
30																								30
31																								31
32																								32
33																								33
34																								34
35																								35
36																								36



**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

- Example 1** Take the first transaction, A, a straight-forward contract revenue receipt of \$100 cash. The *In/Out Rule Table* tells you to enter the *In* amount to *CASH RECEIVED*, Column 1, and the *Out* amount to *CONTRACT REVENUE*, Column 17. If you trace this through to the same line of the Example in Figure 3, you will see that this has been done.
- Example 2** Now look at the second transaction, B, a similar contract revenue receipt but this time for credit. The entry is the same except that the *In* amount is entered to *ACCOUNTS RECEIVABLE-RECEIVABLE*, Column 7, instead of *CASH-RECEIVED*, Column 1, as in the previous example. Notice that the symbol (\*) appears in the *In/Out Rule Table* for this transaction. If you refer to the footnote at the bottom of the Table you will see that the symbol indicates that you should also post the amount to a sub-ledger for Accounts Receivable.
- Example 3** Skip down the Rule Table to transaction Q, an expense payment for the company by cheque. A \$450 cheque is made out to the X.Y. Rent Company for rent. If you trace this through to Figure 3 you will find a \$450 *In* entry to *EXPENSES*, Column 20, and a \$450 *Out* entry to *BANK WITHDRAWALS*, Column 5. This time the symbol (\*\*) appears on the *Rule Table* and the footnote at the bottom indicates that you should also enter the \$450 rent expense to the Expense Distribution sheet. Although not shown, the amount would be entered to *RENT*, Column 26 of the Expense Distribution.
- Example 4** Finally, look at transaction W in the *Rule Table*, a payment on a bank loan. An amount of \$2,000 is entered to Column 5, *BANK- WITHDRAWAL*, and to Column 14, *OTHER LIABILITIES*. Notice that the entry to Column 14 is bracketed. Brackets are used to change an amount to *In* if it is entered to an *Out* column, and to an *Out* if it is entered to *In* column. In this case the brackets appear in the *OTHER LIABILITIES* column so the former applies.

Now that you've covered the special features of the *Rule Table*, you should be able to handle the remaining transaction types. To confirm your understanding, take each transaction type in the *Rule Table*, anticipate what the entry will look like, and then confirm your thinking by referring to Figure 3, "*In/Out*" example entries.

EXAMPLE: THE GENERAL CONTRACTING COMPANY

Figure 4 - The Daily Entry Sheet

THE GENERAL CONTRACTING COMPANY DAILY ENTRY SHEET														
DATE: <u>March 3/92</u> DAY: <u>Monday</u>														
	Opening Cash											+	100	00
	Plus: Cash - Received													
	Cash Sales													
17	Contract Revenue	+		300	00									
18	Plus: Service Revenue	+		10	00									
7	Less: Accounts Receivable - Receivable	-		140	00									
	Equals: Cash Sales	=						+	170	00				
11	Sales Tax							+	15	00				
8	Accounts Receivable - Collected							+	175	00				
5	Bank Withdrawals							+	0					
16	Other Income							+	10	00				
1	Cash Received							=			+	370	00	
	Less Cash - Paid Out													
19	Direct Expenses							+	25	00				
20	Expenses							+	5	00				
10	Accounts Payable - Paid								0					
4	Bank Deposits							+	340	00				
2	Cash - Paid Out										-	370	00	
	Equals: Closing Cash - Balance										=	100	00	
	Less: Actual Cash Balance										-	99	00	
<sup>2</sup> 20	<sup>1</sup> (20) Equals: Cash Balance Short (Over)										=	1	00	

### STEP 3

### KEEPING THE SYSTEM BALANCED

Remember that the sum of all the "In" entries must equal the sum of all the "Out" entries. You can check this quickly by totalling each column and then comparing the sum of all the "In" columns to the sum of all the "Out" columns. Any difference indicates that you have made an error. It is a good idea to balance each line every time you make an entry, so that it never becomes a big job to find an error.

The first four categories in the One Book keep "*running tallies*" on Cash, Bank, Accounts Receivable, and Accounts Payable. At any time the balances should agree to actual counts. If they do not, you have made an error and need to recheck your addition and subtraction.

### STEP 4

### SIMPLIFYING DAILY TRANSACTION ENTRIES

In a contracting business, you may not find it convenient to use the In/Out Rule Table to enter daily a vast number of business transactions related to both the contract and service side of the business. One solution is to put most of the routine transactions (e.g. cash sales, payments on account, small pay-outs for supplies, etc.) through the cash register. Since you must balance cash at the end of each day, you can use the Daily Entry Sheet (as illustrated in Figure 4) for this purpose. You can then use this information to make a single entry covering most transactions to the One Book.

Make the entries to the Daily Entry Sheet as illustrated in Figure 4 and balance the cash. Follow these steps:

- (a) Enter the opening cash balance. This is likely to be the cash float kept in the cash register. In the example the amount is \$100.
- (b) Then work out all the cash received throughout the day.
  - i) Contract Revenue and Service Revenue (not including sales tax) are \$310. From this subtract credit sales (\$140) to arrive at cash sales for the day (\$170).
  - ii) Add the amount of Sales Tax received (\$15).
  - iii) Add the amount of payments on account from credit customers (\$175).
  - iv) Add additions to cash from other sources (e.g. bank withdrawals (nil) and other income (\$10).
  - v) Enter the total cash received as \$370.

Now determine the cash paid out for the day.

- i) Direct Expenses (\$25). This would include expenses related directly to contract or service work. An example would be sundry materials used on a job.
  - ii) Expenses (\$5). An example would be cleaning supplies for the office.
  - iii) Accounts payable payments (nil). These are payments made to creditors out of cash.
  - iv) Bank deposits (\$340). Note that the amount of the deposit is determined so that the closing cash balance equals the opening balance (e.g. the \$100 cash float).
  - v) Enter the total cash paid out as \$370.
- (d) Determine the closing cash balance as follows:
- Opening Cash Balance  
Plus: Cash Received  
Less: Cash Paid Out
- (e) Count the actual cash to determine the cash balance short or over and complete the Daily Entry Sheet as indicated in Figure 4.

Now you are ready to make a single daily entry to the One Book. Note that column numbers on the left-hand side of the Daily Entry Sheet conform to the appropriate columns in the "One Book". Each amount on the Daily Entry Sheet which has a column number opposite on the left-hand side should be entered to the corresponding column in the One Book in a single line. You can use a second line in Column 20 of the One Book to enter the Cash Short so your records will be clearer.

The single line Daily Entry is about all the work there is to the One Book on a daily basis. The only exceptions would be transaction types in the In/Out Rule Table which occur only now and then, and are therefore not covered by the Daily Entry.

## STEP 5      MATCHING REVENUE AND EXPENSE

Often the contractor is involved in contracts where revenues received and expenses incurred may not all occur within the same reporting period. For instance, funds may be advanced at the beginning of a contract while the expenses may not be incurred for several months. If you make the entries as they have been outlined in the In/Out Rule Table you will find that no provision has been made for matching revenue and expense. To resolve this problem you need to set up a Contract Work in Progress and Deferred Revenue Ledger similar to that illustrated in Figure 5.

Make entries to the Ledger as follows:

- a)      Contract Revenue is received as an advance before work is scheduled to commence.

The funds are really Deferred Revenue (e.g. a liability) and the entry to the One Book should be:

IN	Column 4 - Bank Deposit	\$10,000
OUT	Column 14 - Other Liabilities	\$10,000

In Figure 5 you will find that this amount has also been entered to the Deferred Revenue portion of the Contract Work in Progress and Deferred Revenue ledger for the contract.

NOTE:      Had you followed the IN/OUT Rule Table, the amount would have been extended to Contract Revenue (Column 17) and recognized incorrectly as revenue of the current period.

- b)      Direct Expenses on the contract later occur. The entry to the One Book should be:

IN	Column 13 - Other Assets	\$230
OUT	Column 5 - Bank Withdrawal	\$230

In Figure 5 you will find that this amount has also been entered to the Work in Progress ledger (an asset) for the contract.

NOTE:      Had you followed the IN/OUT Rule Table, the amount would have been entered to Direct Expense (Column 19) and recognized incorrectly as an expense of the current period.

- c)      Finally, assume that the project has been completed, and that the direct expenses incurred on the contract and recorded as Work in Progress (under Other Assets in the One Book System) have totalled \$8,000. All amounts that have been entered to Deferred Revenue or Work in Progress against the project must be cleared out of these accounts and brought into current revenue and current direct expenses.

The entry for this transaction is as follows:

IN	Column 1 - DIRECT EXPENSES	\$ 8,000	
IN	Column 14 - OTHER LIABILITY	\$10,000	
OUT	Column 17 - CONTRACT REVENUE		10,000
OUT	Column 13- OTHER ASSETS		\$ 8,000

Now in Figure 5 you will see that this amount has also been entered to the Work in Progress portion of the Contract Work in Progress and Deferred Revenue ledger for the contract. The work in progress and deferred revenue amounts have been washed out on the ledger and the above entries to the One Book bring all amounts in as current revenue and direct expenses. Actually, if contracts continue over many accounting periods it is a good idea to make the above entry from time to time as portions of the project are completed. If you made this entry every month, then the work in progress and deferred revenue accounts would act as buffers and enable you to match revenue and expense at the end of each month.



**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

**Figure 5: Contract Work in Progress and Deferred Revenue Ledger Card**

CONTRACT: Helping Hand Hospital JOB NO: 83

CONTACT PERSON: Jim Brown RESPONSIBILITY J.V.EC

ADDRESS: 436 Anystreet, Anytown BUDGET: crew \$16,000 dir. exp. \$8,000

TELEPHONE: 269-4020

[illegible]

## SETTING UP YOUR BOOKS

**Starting the One Book Accounting System for Service Industry Businesses is a simple matter, whether you're setting up a set of books for a new business or switching to this system for an existing business.**

**If you are starting a new business, you can begin making your entries by following the In/Out Rule Table shown here:**

IN/OUT RULE TABLE					
	TYPE OF TRANSACTION	IN COLUMN TITLE	COL #	OUT COLUMN TITLE	COL #
A	CONTRACT REVENUE RECEIVED (CASH)	CASH - RECEIVED	1	CONTRACT REVENUE	17
B	CONTRACT REVENUE RECEIVED (BY CREDIT)	A/R - RECEIVABLE	*7	CONTRACT REVENUE	17
C	SUNDRY CASH RECEIVED	CASH - RECEIVED	1	OTHER INCOME	16
D	SUNDRY INCOME RECEIVED (BY CREDIT)	A/R - RECEIVABLE	*7	OTHER INCOME	16
E	BANK WITHDRAWAL	CASH - RECEIVED	1	BANK - WITHDRAWAL	5
F	RECEIVED ON ACCOUNT	CASH - RECEIVED	1	A/R - COLLECTED	*8
G	CHARGE OFF BAD DEBTS	EXPENSES	**20	A/R - COLLECTED	*8
H	FIXED ASSET PURCHASE BY CASH	OTHER ASSETS	13	CASH - PAID OUT	2
I	FIXED ASSET PURCHASE BY CHEQUE	OTHER ASSETS	13	BANK - WITHDRAWAL	5
J	FIXED ASSET PURCHASE BY CHARGE	OTHER ASSETS	13	A/P - PAYABLE	*11
K	SERVICE REVENUE RECEIVED (CASH)	CASH - RECEIVED	1	SERVICE REVENUE	18
L	SERVICE REVENUE RECEIVED (BY CREDIT) e.g. Overdue	A/R - RECEIVABLE	*7	SERVICE REVENUE	18
M	EXPENSE PAYMENT FOR A CONTRACT BY CASH	DIRECT EXPENSES	19	CASH - PAID OUT	2
N	EXPENSE PAYMENT FOR A CONTRACT BY CHEQUE	DIRECT EXPENSES	19	BANK - WITHDRAWAL	5
O	EXPENSE PAYMENT FOR A CONTRACT BY CHARGE	DIRECT EXPENSES	19	A/P - PAYABLE	*11
P	EXPENSE PAYMENT FOR THE BUSINESS BY CASH	EXPENSES	**20	CASH - PAID OUT	2
Q	EXPENSE PAYMENT FOR THE BUSINESS BY CHEQUE	EXPENSES	**20	BANK - WITHDRAWAL	5
R	EXPENSE PAYMENT FOR THE BUSINESS BY CHARGE	EXPENSES	**20	A/P - PAYABLE	*11
S	CASH BALANCE SHORT	EXPENSES	**20	CASH - PAID OUT	2
T	BANK DEPOSIT	BANK - DEPOSITS	4	CASH - PAID OUT	2
U	CHEQUE RETURNED (NSF)	A/R - RECEIVABLE	*7	BANK - WITHDRAWAL	5
V	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	14
W	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	14	BANK - WITHDRAWAL	5
X	INTEREST ON LOAN	EXPENSES	**20	BANK - WITHDRAWAL	5
Y	INCREASE CAPITALIZATION	BANK - DEPOSITS	4	OWNER'S INVESTMENT	15

\* Also posted to sub-ledger

\*\* Also posted to expense distribution

A/R Account Receivable

A/P Accounts Payable

Figure 6, System Start-up, is a sample illustration of a new contracting firm's first entries to the One Book. Note the following steps, referring to the In/Out Table as necessary.

- 1) Initial Financing, the first entry, indicates the company's start-up capital. According to the Rule Table, a bank loan for \$12,000 is recorded under Other Liabilities (Column 14) and the owner's contribution of \$13,000 is entered under Owner's Investment (Column 15). The corresponding "In" Column for both entries is Bank - Deposits (Column 4). Therefore, the total start-up capital in the amount of \$25,000 appears here in Column 4.
- 2) The second entry, Cash on Hand, indicates a Bank Withdrawal of \$100, duly entered in Column 5. Note that the owner has subtracted this withdrawal from the forward balance and recorded the revised balance in Column 6. The Rule Table states that a Bank Withdrawal will appear as Cash Received, (Column 1), the corresponding "In" Column. The owner also keeps a running tally of his cash balance in Column 3.
- 3) Purchase of Assets, the third entry, indicates two different kinds of goods acquired. The first purchase for \$5000 entered in Other Assets (Column 13) is likely for fixed assets such as a cash register, shelving and so on. The second purchase for \$15,000 entered in Purchases and Freight (Column 19) is for freight charges and inventory intended for resale. The owner has therefore spent \$20,000 and he enters this amount in Bank Withdrawals (Column 5). He continues to keep a running tally of his bank balance, as indicated in Column 6.

Some rules have been combined to show you that it's the amount of the "Ins" and "Outs" which must balance, not the number of each. In following the Rule Table, you will have also noticed that you do not necessarily move from left to right across the page as you are making your entries to the One Book. Once you have identified the transaction you wish to record within the Rule Table, you simply follow the basic In/Out entry rules.



### EXAMPLE: THE GENERAL CONTRACTING COMPANY

### Figure 6 - System Start-up

[illegible]



Now if you own an existing contracting business, you would begin by setting up the formats for the One Book and Expense Distribution as in Figures 1 and 2. Your opening entry would set up the four "*balance*" columns, Cash, Bank Accounts, Accounts Receivable, and Accounts Payable. To determine your starting balance for each of these four categories you would:

- a) count the actual cash on hand
- b) prepare a bank reconciliation (instructions are outlined below)
- c) total the Accounts Receivable (this may be a separate ledger or a file of duplicate charge sales slips)
- d) total the Accounts Payable (again, this may be a separate ledger or file of unpaid supplier invoices)

The entries recorded for the existing business in Figure 6 reflect each of these four totals.

It is necessary to prepare a bank reconciliation because the bank balance as shown on your bank statement may be different than the bank balance you would use to start up the One Book. You may, for example, have issued cheques which have not yet been presented to your bank. Or you may have made deposits to your account which have not yet been recorded by the bank. At the same time, you may not have recorded charges and interest or other debits and credits made to your account in the One Book which nonetheless appear on your bank statement.

To find the bank balance for the One Book use the following calculation illustrated in this example:

Balance as per bank statement	\$ 3,045
Less: Outstanding cheques	(\$ 1,050)
Plus: Outstanding deposits	\$ 90
Equals: Balance as per One Book	\$ 2,085

## STEP 7      KEEPING ADDITIONAL RECORDS

As your business expands, a One Book System without supporting records and ledgers may no longer be feasible. Depending on the volume of your business, you may have to keep a separate Accounts Receivable Ledger with one page or card for each customer. You would need to keep a record of amounts charged, amounts received, and the balance owing by the customer, and file these pages alphabetically in a book binder or tray.

You may be able to eliminate this ledger if you keep duplicates of charge sales slips. Simply keep a file of these slips organized alphabetically. Then, when a customer makes a payment, mark the charge slip "*paid*" and remove it from the file.

Whether you keep an actual Accounts Receivable Ledger or a file of charge slips, the sum of the amounts owing should always equal the ACCOUNTS RECEIVABLE - BALANCE, (Column 9) of the One Book.

An example of an Accounts Receivable Ledger Card is illustrated in Figure 7.

A similar Accounts Payable Ledger may be required if there is a great deal of purchasing activity from a limited number of suppliers. Again, an alternative could be to keep outstanding invoices filed by supplier in an "*accordion*" file. Then, when you pay an invoice, mark it "*paid*" and remove it from the file.

Whether you keep an actual Accounts Payable Ledger or a file of unpaid invoices, the sum of the amounts owing should always equal the ACCOUNTS PAYABLE - BALANCE, (Column 12) of the One Book.

An example of an Accounts Payable Ledger Card is illustrated in Figure 8.

Finally, if you have a large number of employees, you may require separate payroll records. Figure 9 (a) illustrates a Payroll Sheet, and Figure 9 (b), an Individual Employee Record.



**Figure 7 - Accounts Receivable Ledger Card**

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[illegible][illegible][illegible]

**PART B      FINANCIAL STATEMENTS**



## THE INCOME STATEMENT

The Income Statement is a summary of business operations for a period, be it monthly, semi-annually, or annually. Preparing an Income Statement will help you to determine the profitability of your business.

Examine the Income Statement prepared by the General Contracting Company in Figure 10. Notice that this is a summary of business operations for the month of March and year-to-date. Direct Expenses and Expenses are subtracted from revenue for the same period of time to figure out the net profit or income earned. Essentially, what you really have is something like this:

Gross Revenue	
Less:	Direct Expenses
Equals:	Gross Profit
Less:	Total Expenses
Equals:	Net Income Before Taxes

Note that the information on the Income Statement comes from the One Book (Figure 1) and Expense Distribution (Figure 2). The column numbers on the left-hand side of the Income Statement correspond to the column numbers on both the One Book and Expense Distribution. Most of the information you need will come from these sources.

You will need to prepare estimates for "*special treatment*" items including depreciation and income tax (if applicable) in order to complete your Income Statement.

### Depreciation

You need to consider non-cash expenditures such as depreciation in order to reflect the results of all business operations. Here is a straight-forward method for calculating the amount of depreciation expense:

- a) List the undepreciated value of all your fixed assets. This list might include buildings, fixtures, equipment or delivery trucks, but will not include land.
- b) Decide how long each asset is likely to last before you have to trade it in or scrap it.
- c) Divide the number of years it will last into the amount to be depreciated to find the annual depreciation.
- d) Total all your depreciation values.
- e) Divide this total by twelve to find the monthly depreciation charge.

Use this amount to enter on the Income Statement.

### **Income Tax**

Income tax is another special item and its treatment varies from business to business and province to province. Depending on your Aboriginal Status, you may not be required to pay income tax. If you are required to pay income tax, you may know the percentage of income tax on "*before tax net profits*" last year, and can use the same percentage this year for the Income Statement. If you do not know, contact a Revenue Canada office in your area.

EXAMPLE: THE GENERAL CONTRACTING COMPANY

Figure 10 - Income Statement

MONTH ENDED <u>March 31, 19 90</u>																
COL #		CURRENT MONTH												YEAR TO DATE		
17	Contract Revenue									+	50	200	00		150 800 00	
18	Plus: Service Revenue									+	15	200	00		30 800 00	
16	Plus: Other Income									+		237	00		690 00	
19	Less: Direct Expenses									-	47	500	00		123 750 00	
	EQUALS: GROSS PROFIT									=	18	137	00		58 540 00	
	Less: Expenses															
	Salaries and Wages															
21	Owner's Drawings							+			614	00			1 842 00	
22	Payroll - Net Pay							+	11		000	00			33 000 00	
23	Payroll - Income Tax							+	3		157	00			9 471 00	
24	Payroll - Insurance							+			511	00			1 433 00	
25	Payroll - Pension							+			513	00			1 639 00	
	Occupancy															
26	Rent							+			390	00			1 170 00	
27	Property Tax							+			56	00			168 00	
28	Repair and Maintenance							+			4	00			10 00	
	General Expense															
29	Advertising							+			250	00			300 00	
30	Automobile							+			200	00			550 00	
31	Delivery							+			120	00			325 00	
32	Dues and Licenses							+			40	00			120 00	
33	Insurance							+			70	00			210 00	
34	Interest							+			20	00			60 00	
35	Legal and Audit							+			50	00			50 00	
36	Supplies							+			100	00			312 00	
37	Telephone							+			40	00			80 00	
38	Travel							+			15	00			40 00	
39	Utilities							+			30	00			95 00	
40	Other							+			37	00			150 00	
*	Depreciation							+			100	00			300 00	
20	** TOTAL EXPENSES									-	17	317	00		51 325 00	
	EQUALS: NET INCOME Before Taxes									=		820	00		7 215 00	
	LESS: Income Taxes									-		369	00		3 247 00	
	EQUALS: Net Income									=		451	00		3 968 00	

Notes: \* Depreciation is not taken from the One-Book spread-sheet, but is an adjustment discussed in this section.  
 \*\* This total should equal the expenses figure from Column 20 = the depreciation.

## THE BALANCE SHEET

The Balance Sheet is a statement of the financial position of a business as of the end of a given period. As you will note in Figure 11, the Balance Sheet consists of three sections, ASSETS, LIABILITIES, and OWNER'S EQUITY. All Balance Sheets are prepared on the basis of the following relationship:

$$\text{ASSETS} = \text{LIABILITIES} + \text{OWNER'S EQUITY}$$

Follow the steps outlined below to complete the Balance Sheet.

### STEP 1 "ONE BOOK" BALANCES

As you can see in Figure 11, the amounts for Cash, Bank, Accounts Receivable, and Accounts Payable are taken directly from One Book balances without adjustment.

### STEP 2 "REVENUE AND EXPENSES STATEMENTS" ITEMS

The amount for "*Operating Surplus*" (or deficit) is taken directly from the Revenue and Expense Statement.

### STEP 3 BALANCE SHEET ADJUSTMENTS FOR "FIXED ASSETS"

The value of fixed assets is the original cost less the accumulated depreciation. You can calculate the amount at March 31 by using the fixed asset value on the prior period's Balance Sheet, adjusting it by any new additions or sales of fixed assets from Column 13 of the "*One Book*" for March, and finally by subtracting the amount of depreciation for March. In the case of the example it looks like this:

#### FIXED ASSETS

(Balance Sheet Feb. 28 Not Shown)	\$10,100
Plus: Fixed Asset additions (from Column 13 of One Book)	-
Less: Fixed Asset reduction (from Column 13 of One Book)	-
Less: Depreciation for March	100
EQUALS: Fixed Assets (March 31)	<u>\$10,000</u>

Notice that "*Work in Progress*" is included as an item on the Balance Sheet. This will apply in the circumstances outlined earlier.



#### STEP 4      BALANCE SHEET ADJUSTMENT FOR "LIABILITIES"

Accounts Payable has already been dealt with in Step 1 above, leaving only "other" current liabilities and long-term liabilities on the Balance Sheet. In the case of the example it looks like this:

Total liabilities less Accounts Payable (Balance Sheet Feb. 28 Not Shown)	\$5,000
Plus: Additions to Liabilities (Column 14 of One Book for March)	-
Less: Reduction to Liabilities (Column 14 of One Book for March)	-
Equals: Total Liabilities less Accounts Payable (Balance Sheet March 31)	<u>\$5,000</u>

Take note that space is provided for both current and long-term liabilities on the Balance Sheet. The former includes such items as bank loans and notes that must be repaid within the year. It may also include "*Deferred Revenue*" in cases where this applies. The latter includes mortgages and term loans that will be repaid over several years.

#### STEP 5      BALANCE SHEET ADJUSTMENTS FOR OWNER'S EQUITY

Consider each item on the Balance Sheet in turn:

a) Owner's Capital - This term is used to indicate the amounts of the owner's initial investment plus any more-or-less permanent investments in the business made by the owner at later dates. Unless these occur, the amount of Owner's Capital will remain constant. For the "*General Contracting Company*" it looks like this:

Owner's Capital (Balance Sheet Feb. 28 Not Shown)	\$10,000
Plus: Additions (Column 15 of One Book for February)*	-
Less: Withdrawals (Column 15 of One Book for February)*	-
EQUALS: Owner's Capital (Balance Sheet March 31)	<u>\$10,000</u>

\*Note:      The amount will be an owner's capital withdrawal if it is bracketed; otherwise, it is an addition.

- b) Retained Earnings - When the operations of the business result in a profit or a loss, this affects the amount of Owner's Equity. Likewise, if the owner withdraws part or all of the earnings, this affects the amount of his equity in the business. In short, earnings which are retained in the business (i.e. not taken out by the owner) increase the owner's equity. It is desirable to show such changes separately from the original investment.

Once again, for the "*General Contracting Company*" the amount is taken from the previous balance sheet on February 28. Although the amount is not shown, retained earnings at February 28 were (\$10,551).

- c) Present Period Net Income - This was covered in Step 2 above.

If you have followed the steps closely, the Balance Sheet will indeed balance.

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

**Figure 11 - Balance Sheet**

Balance Sheet						
As Of <u>March 31, 1990</u>						
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	+		100	00		
Bank	+	2	000	00		
Accounts Receivable	+	8	200	00		
Inventory	+					
Work in progress	+					
Other	+					
<b>TOTAL CURRENT ASSETS</b>	=	10	300	00	+	
<b>FIXED ASSETS</b>						
Land	+					
Building (net of accumulated depreciation)	+					
Equipment (net of accumulated depreciation)	+	10	000	00		
Other	+					
<b>TOTAL FIXED ASSETS</b>	=	10	000	00	+	
<b>TOTAL ASSETS</b>		20	300	00	=	
<b>LIABILITIES AND OWNER'S EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	+	15	400	00		
Other	+	5	000	00		
<b>TOTAL CURRENT LIABILITIES</b>	=	20	400	00		
<b>LONG TERM LIABILITIES</b>						
<b>TOTAL LIABILITIES</b>	=	20	400	00	+	
<b>OWNER'S EQUITY</b>						
Owner's Capital	+	10	000	00		
Retained Earnings - At Beginning of Period	+	(10	551	00)		
ADD: Present Period Net Income	+		451	00		
<b>TOTAL OWNER 'S EQUITY</b>	=		(100	00)	+	
<b>TOTAL LIABILITIES AND OWNER 'S EQUITY</b>		20	300	00	=	



**PART C      FINANCIAL ANALYSIS**



## RATIO ANALYSIS

You may recall in the Introduction of this guide book we spoke of complete and accurate accounting records as the key to sound financial management. The information you record in the One Book system and calculate in your financial statement provides you with enough data to monitor both the favourable and unfavourable trends occurring in your business. Ratio Analysis is a very useful tool to help you track your business's performance on a monthly, quarterly, or yearly basis. There are basically three kinds of ratios you can work with, as indicated below in Figure 12.

### EXAMPLE: THE GENERAL CONTRACTING COMPANY

Figure 12 - Analysis Form for Key Business Ratios

		MONTH	YEAR						
<b>A. WORKING CAPITAL RATIOS</b>									
A-1. CURRENT RATIO	No.								
A-2. QUICK RATIO	No.								
<b>B. PRODUCTIVITY RATIOS</b>									
B-1. INVENTORY TURNOVER	No. of Times								
B-2. COLLECTION PERIOD	Days								
B-3. OPERATING EXPENSES as a % of Sales	%								
<b>C. PROFITABILITY RATIOS</b>									
C-1. GROSS PROFIT as a % of Sales	%								
C-2. NET PROFIT as a % of Sales	%								
C-3. RETURN ON OWNER'S INVESTMENT	%								

## A. Working Capital Ratios

You would use the working capital ratio to determine whether or not your working capital is sufficient.

- i) **CURRENT RATIO** is the ratio between total Current Assets (including inventory) and total Current Liabilities. You can take the amounts directly from the Balance Sheet and calculate as follows:

$$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}} \times 100$$

A Current Ratio of 150% is usually considered satisfactory though this naturally varies by industry. A trend toward a lower ratio can serve to warn you that you may begin to have problems paying your current bills.

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

$$\frac{\$10,300}{\$20,400} \times 100 = 50.5\%$$

## B. Productivity Ratios

In order to evaluate the productivity of your service industry business, you need to analyze trends in two key areas: Collection Period and Operating Expense. A downward trend in either one of these areas could adversely affect the overall productivity of your business.

- i) **COLLECTION PERIOD** is the average term of credit extended in total days. If this is 30, for example, the average time it takes you to collect an account receivable is 30 days. You would find the figures for Accounts Receivable on your Balance Sheet and Gross Revenue from your current month's Income Statement and calculate as follows:

$$\frac{\text{Accounts Receivable}}{\text{Gross Revenue}} \times 365 \text{ days}$$

A period of less than 30 days is realistic and preferable. If discounts are offered for prompt payment, you would expect the collection period to be shortened, since most customers would pay quickly in order to get the discount. Of course, the older an account receivable becomes, the greater the likelihood that it might not be collected in full.



**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

$$\frac{\$8,200}{\$65,400 \times 12} \times 365 = 3.8 \text{ days}$$

**OPERATING EXPENSE** as a percentage of Sales is the relationship of operating cost to revenue. You would find figures for your Operating Expenses and Gross Revenue on your Income Statement for the current month and calculate as follows:

$$\frac{\text{Operating Expense}}{\text{Gross Revenue}} \times 100$$

Watch this ratio carefully. Even in a good year, if you lose control over expenses, your profit can be eliminated. If a bad trend begins to develop, calculate the same ratio for each operating expense and identify the specific problem.

Remember, the operating Expense ratio must remain lower than the Gross Margin ratio in order to make a profit.

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

$$\frac{\$17,317}{\$65,400} \times 100 = 26.5\%$$

**C. Profitability Ratios**

In order to determine whether or not your business is sufficiently profitable, you need to analyze your Gross Profit, Net Profit and Return on Owner's Investment.

**GROSS PROFIT** as a percentage of Sales is the Gross Profit on sales expressed as a percentage of Net Sales. You would find both the Gross Profit and Gross Revenue amounts on your Income Statement for the current month and calculate as follows:

$$\frac{\text{Gross Profit}}{\text{Gross Revenue}} \times 100$$

This ratio may tell you a great deal. If it is low or decreasing, it may indicate that direct costs of material or labour are high as a percentage of total revenue. Are you estimating too low to get jobs? If your policy is to increase the volume of work, will the gross profit generated be enough to cover overhead expenses?

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

$$\frac{\$18,137}{\$65,400} \times 100 = 27.7\%$$

**NET PROFIT** as a percentage of Gross Revenue expresses the portion of profit in every revenue dollar. You would find figures for Net Profit After Taxes and Gross Revenue on your Income Statement for the current month and calculate as follows:

$$\frac{\text{Net Profit (after taxes, if applicable)}}{\text{Gross Revenue}} \times 100$$

Net profit is influenced directly by changes in Gross Profit and Operating Expenses. So if the ratio is low or starts dropping, you must refer to these ratios to find the problem. The Net Profit ratio will only be useful to you if the salary you take out of the business represents a fair management fee. Otherwise, you would have to adjust your Net Profit figure before calculating this ratio.

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

$$\frac{\$451}{\$65,400} \times 100 = 0.7\%$$

Refer To Figure 10 - Income Statement

**RETURN ON OWNER'S INVESTMENT** is the measure of the earning ability of the capital which you have invested in the business.

To calculate this ratio, you should use the amount of Net Profit (After Taxes, if applicable) from your annual Income Statement, and Total Owner's Equity from Balance Sheets prepared at the beginning and the end of the year.

$$\frac{\text{Annual Net Profit After Taxes}}{\text{Average Total Owner's Equity}} \times 100$$

Although there is nothing wrong with reviewing this ratio monthly, it makes more sense to review it at the end of the year since the return on most other forms of investment are calculated on an annual basis. This ratio provides an all-encompassing measure of the health of your business. It tells you the rate of return on your investment in the business. Therefore, one of the first things you would do is compare this percentage to the yield on other forms of investment. If you were to invest the same amount of money in a savings certificate, for example, would the accrued interest be higher or lower than the return on your business investment (which you have just calculated with this ratio)? If you know the exact rate of return on your business investment, you will be in a good position to make plans for the future in relation to the feasibility of considering other forms of investment. At the same time, the Return on Owner's Investment Ratio could help you to focus on possible ways of increasing the yield on your present investment.

**EXAMPLE: THE GENERAL CONTRACTING COMPANY**

In the case of the General Contracting Company the calculation is meaningless. Although owner's equity was originally \$10,000, losses (as expressed in negative retained earnings) have eliminated owner's equity.



**PART D**

**ONE BOOK ACCOUNTING SYSTEMS FOR:**

- \* Restaurants**
- \* Travel Agencies**
- \* Automotive Firms**
- \* Motel/Hotel/Resorts**
- \* Professional (Personal Service) Firms**



## **RESTAURANT**

- \* Column Headings for One Book Accounting System**
- \* In/Out Rule Table**
- \* Income Statement**
- \* Balance Sheet**

# **COLUMN HEADINGS FOR ONE-BOOK ACCOUNTING SYSTEM - RESTAURANT**

<b>COLUMN NUMBER</b>	<b>COLUMN DESCRIPTION</b>	<b>ACCOUNT CATEGORY</b>	<b>TO BE USED IN PREPARATION OF:</b>
1	Cash Received	Cash	Balance Sheet
2	Cash Paid Out	Cash	Balance Sheet
3	Cash Balance	Cash	Balance Sheet
4	Bank Deposit	Bank	Balance Sheet
5	Bank Withdrawals	Bank	Balance Sheet
6	Bank Balance	Bank	Balance Sheet
7	Accounts Receivable - Charges	Accounts Receivable	Balance Sheet
8	Accounts Receivable - Received	Accounts Receivable	Balance Sheet
9	Accounts Receivable - Balance	Accounts Receivable	Balance Sheet
10	Fixed Assets	Fixed Assets	Balance Sheet
11	Accounts Payable - Paid	Accounts Payable	Balance Sheet
12	Accounts Payable - Charges	Accounts Payable	Balance Sheet
13	Accounts Payable - Balance	Accounts Payable	Balance Sheet
14	Other Liabilities	Other Liabilities	Balance Sheet
15	Owner's Investment	Owner's Investment	Balance Sheet
16	Other Income	Other Income	Income Statement
17	Sales Gross	Sales	Income Statement
18	Sales Allowances	Sales Allowances	Income Statement
19	Purchases	Purchases	Income Statement
20	Expenses	Expenses	Income Statement
<b>DISTRIBUTION SECTION</b>			
21	Proprietor's Salary	Expense Distribution	Income Statement
22	Payroll - Net Pay	Expense Distribution	Income Statement
23	Payroll - Income Tax	Expense Distribution	Income Statement
24	Payroll - Insurance	Expense Distribution	Income Statement
25	Payroll - Pension	Expense Distribution	Income Statement
26	Rent	Expense Distribution	Income Statement
27	Property & Business Tax	Expense Distribution	Income Statement
28	Repair and Maintenance	Expense Distribution	Income Statement
29	Telephone	Expense Distribution	Income Statement
30	Utilities	Expense Distribution	Income Statement
31	Insurance	Expense Distribution	Income Statement
32	Interest	Expense Distribution	Income Statement
33	Dues & Licenses	Expense Distribution	Income Statement
34	Legal & Audit	Expense Distribution	Income Statement
35	Advertising	Expense Distribution	Income Statement
36	Auto	Expense Distribution	Income Statement
37	Delivery & Freight	Expense Distribution	Income Statement
38	Supplies	Expense Distribution	Income Statement
39	Travel	Expense Distribution	Income Statement
40	Other	Expense Distribution	Income Statement
	Sales, Food	Sales Distribution	Income Statement
42	Sales, Beverages	Sales Distribution	Income Statement
43	Sales, Catering	Sales Distribution	Income Statement
44	Purchases, Food	Purchase Distribution	Income Statement
45	Purchases, Beverages	Purchase Distribution	Income Statement
46	Purchases, Paper	Purchase Distribution	Income Statement



	TYPE OF TRANSACTION	IN COLUMN TITLE	COL #	OUT COLUMN TITLE	COL #
1	CASH SALES	CASH - RECEIVED	1	SALES	**17
2	CHARGE SALES	A/R - CHARGES	*7	SALES	**17
3	SUNDRY CASH SALES	CASH - RECEIVED	1	OTHER INCOME	16
4	SUNDRY CREDIT SALES	A/R CHARGES	*7	OTHER INCOME	16
5	ALLOWANCE ON CREDIT SALES (Catering Contracts)	SALES ALLOWANCES	**18	A/R - RECEIVED	*8
6	TRADE-IN FOR CREDIT	A/R CHARGES	*7	(FIXED ASSETS)	10
7	RECEIVED ON ACCOUNTS	CASH - RECEIVED	1	A/R - RECEIVED	*8
8	CHARGE OFF BAD ACCOUNTS	EXPENSES	**20	A/R - RECEIVED	*8
9	FIXED ASSET PURCHASE BY CASH	FIXED ASSETS	10	CASH - PAID OUT	2
10	FIXED ASSET PURCHASE BY CHEQUE	FIXED ASSETS	10	BANK - WITHDRAWALS	5
11	FIXED ASSET PURCHASE BY CHARGE	FIXED ASSETS	10	A/P - CHARGED	*12
12	INVENTORY PURCHASE BY CASH	PURCHASES	**19	CASH - PAID OUT	2
13	INVENTORY PURCHASE BY CHEQUE	PURCHASES	**19	BANK - WITHDRAWALS	5
14	INVENTORY PURCHASE BY CHARGE	PURCHASES	**19	A/P - CHARGED	*12
15	EXPENSE PURCHASE BY CASH	EXPENSES	*20	CASH - PAID OUT	2
16	EXPENSE PAYMENT BY CHEQUE	EXPENSES	**20	BANK - WITHDRAWAL	5
17	EXPENSE PURCHASE BY CHARGE	EXPENSES	**20	A/P - CHARGED	*12
18	RETURNED PURCHASE FOR CASH	CASH RECEIVED	1	(PURCHASES)	**19
19	RETURNED PURCHASE FOR CREDIT	A/P PAID	*11	(PURCHASES)	**19
20	PAYMENT OF CHARGE PURCHASES	A/P PAID	*11	BANK - WITHDRAWALS	5
21	CASH BALANCE SHORT	EXPENSES	**20	CASH - PAID OUT	2
22	BANK DEPOSITS	BANK - DEPOSITS	4	CASH - PAID OUT	2
23	CUSTOMER'S CHEQUE RETURNED (NSF)	A/R - RECEIVABLE	*7	BANK - WITHDRAWALS	5
24	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	14
25	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	14	BANK - WITHDRAWALS	5
26	INTEREST ON LOAN	EXPENSES	**20	BANK - WITHDRAWALS	5
27	INCREASE CAPITALIZATION	BANK - DEPOSITS	4	OWNER'S - INVESTMENT	15

\* Also posted to sub-ledger  
 \*\* Also posted to expense distribution

RESTAURANT INCOME STATEMENT													
for the _____ ended _____													
		FOOD			BEVERAGE			TOTAL PERIOD			YEAR TO DATE		
	GROSS SALES (food & beverage)	%			%			%			%		
	LESS Allowances on Catering												
	NET SALES: (food & beverage)	100.0			100.0			100.0			100.0		
	LESS: Cost of Goods Sold												
	Beginning Inventory												
	PLUS: Purchases												
	Goods Available for Sale												
	LESS: Ending Inventory												
	COSTS OF GOODS SOLD												
	GROSS MARGIN (food & beverage)												
	LESS: Operating Expenses												
	Salaries & Wages												
	Owner's Salary - Gross												
	Payroll - Net Pay												
	Payroll - Income Tax												
	Payroll - Insurance												
	Payroll - Pension												
	Occupancy												
	Rent												
	Property & Business Tax												
	Repair & Maintenance												
	General Operating Expense												
	Telephone												
	Utilities												
	Insurance												
	Interest												
	Dues & Licenses												
	Legal & Audit												
	Advertising												
	Automobile												
	Delivery & Freight												
	Supplies												
	Travel												
	Other												
	Bad Debts												
	Depreciation												
	OPERATING EXPENSE												
	INCOME FROM OPERATIONS												
	ADD: Other Income												
	NET INCOME BEFORE INCOME TAXES												
	LESS: Income Taxes												
	NET INCOME												

# RESTAURANT

## Balance Sheet

As Of \_\_\_\_\_

ASSETS							
<b>CURRENT ASSETS</b>							
Cash	+						
Bank	+						
Accounts Receivable	+						
Inventory	+						
<b>TOTAL CURRENT ASSETS</b>	=						+
<b>FIXED ASSETS</b>							
Land	+						
Building (net accumulated depreciation)	+						
Equipment (net accumulated depreciation)	+						
<b>TOTAL FIXED ASSETS</b>	=						+
<b>TOTAL ASSETS</b>							=
<b>LIABILITIES AND OWNER'S EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	+						
Accrued Expenses	+						
Short Term Loans	+						
<b>TOTAL CURRENT LIABILITIES</b>							
<b>LONG-TERM LIABILITIES</b>							
Notes Payable	+						
Mortgage Payable	+						
<b>TOTAL LONG-TERM LIABILITIES</b>							
<b>TOTAL LIABILITIES</b>	=						+
<b>OWNER'S EQUITY</b>							
Owner's Capital	+						
Retained Earnings - At Beginning of Period	+						
ADD: Present Period Net Income	+						
<b>TOTAL OWNER'S EQUITY</b>	=						+
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>							=



## **TRAVEL AGENCY**

- \* Column Headings for One Book Accounting System**
- \* In/Out Rule Table**
- \* Income Statement**
- \* Balance Sheet**

### COLUMN HEADINGS FOR ONE-BOOK ACCOUNTING SYSTEM - TRAVEL AGENCY

COLUMN NUMBER	COLUMN DESCRIPTION	ACCOUNT CATEGORY	TO BE USED IN PREPARATION OF:
1	Cash Received	Cash	Balance Sheet
2	Cash Paid Out	Cash	Balance Sheet
3	Cash Balance	Cash	Balance Sheet
4	Bank Deposit	Bank	Balance Sheet
5	Bank Withdrawals	Bank	Balance Sheet
6	Bank Balance	Bank	Balance Sheet
7	Accounts Receivable - Charges	Accounts Receivable	Balance Sheet
8	Accounts Receivable - Received	Accounts Receivable	Balance Sheet
9	Accounts Receivable - Balance	Accounts Receivable	Balance Sheet
10	Fixed Assets	Fixed Assets	Balance Sheet
11	Accounts Payable - Paid	Accounts Payable	Balance Sheet
12	Accounts Payable - Charged	Accounts Payable	Balance Sheet
13	Accounts Payable - Balance	Accounts Payable	Balance Sheet
14	Advance Travel Payments	Liabilities	Balance Sheet
15	Other Liabilities	Other Liabilities	Balance Sheet
16	Owner's Investment	Owner's Investment	Balance Sheet
17	Other Income	Other Income	Income Statement
18	Sales Gross	Sales	Income Statement
19	Sales Returns	Sales	Income Statement
20	Purchases	Purchases	Income Statement
21	Expenses	Expenses	Income Statement

### COLUMN HEADINGS FOR SALES, PURCHASE, AND EXPENSE DISTRIBUTION

22	Sales, Travel & Tours (Domestic)	Sales Distribution
23	Sales, Travel & Tours (International)	Sales Distribution
24	Sales, Hotels	Sales Distribution
25	Sales, Other	Sales Distribution
26	Purchases, Travel & Tours (Domestic)	Purchase Distribution
27	Purchases, Travel & Tours (International)	Purchase Distribution
28	Purchases, Hotels	Purchase Distribution
29	Purchases, Other	Purchase Distribution
30	Owner's Salary, Gross	Expense Distribution
31	Payroll, Gross	Expense Distribution
32	Rent	Expense Distribution
33	Property & Business Tax	Expense Distribution
34	Repair & Maintenance	Expense Distribution
35	Telephone	Expense Distribution
36	Utilities	Expense Distribution
37	Insurance	Expense Distribution
38	Interest	Expense Distribution
39	Dues & Licenses	Expense Distribution
40	Legal & Audit	Expense Distribution
41	Advertising	Expense Distribution
42	Auto	Expense Distribution
43	Delivery & Freight	Expense Distribution
44	Supplies	Expense Distribution
45	Travel	Expense Distribution
46	Other	Expense Distribution

**NOTE 1:** The Expense Distribution records only gross pay (column 31) thereby requiring the use of a Payroll Register to record net pay and deductions payable.

**NOTE 2:** The amounts recorded in the sales distribution column, 22 through 25, are "net" amounts since any amounts posted to "sales returns and allowances" (column 19) is also distributed to the appropriate sales distribution column.

# TRAVEL AGENCY IN/OUT RULE TABLE

	TYPE OF TRANSACTION	IN COLUMN TITLE	COL #	OUT COLUMN TITLE	COL #
1	CASH SALES	CASH - RECEIVED	1	GROSS SALES	**18
2	CHARGE SALES	A/R - CHARGES	*7	GROSS SALES	**18
3	SUNDRY CASH SALES	CASH - RECEIVED	1	OTHER INCOME	17
4	SUNDRY CREDIT SALES	A/R - CHARGES	*7	OTHER INCOME	17
5	RETURNED SALES FOR CASH	SALES RETURNS	**19	CASH - PAID OUT	2
6	RETURNED SALES FOR CREDIT	SALES RETURNS	**19	A/R - RECEIVED	*8
7	ALLOWANCE ON CREDIT SALES	SALES RETURNS	**19	A/R - RECEIVED	*8
8	DISCOUNTS GIVEN	SALES RETURNS	**19	A/R - RECEIVED	*8
9	TRADE-IN FOR CREDIT	A/R - CHARGES	*7	(FIXED ASSETS)	10
10	RECEIVED ON ACCOUNTS	CASH - RECEIVED	1	A/R - RECEIVED	*8
11	CHARGE OFF BAD ACCOUNTS	EXPENSES	**21	A/R - RECEIVED	*8
12	FIXED ASSET PURCHASE BY CASH	FIXED ASSETS	10	CASH - PAID OUT	2
13	FIXED ASSET PURCHASE BY CHEQUE	FIXED ASSETS	10	BANK - WITHDRAWALS	5
14	FIXED ASSET PURCHASE BY CHARGE	FIXED ASSETS	10	A/P - CHARGED	12
15	INVENTORY PURCHASE BY CASH	PURCHASES	20	CASH - PAID OUT	2
16	INVENTORY PURCHASE BY CHEQUE	PURCHASES	20	BANK - WITHDRAWALS	5
17	INVENTORY PURCHASE BY CHARGE	PURCHASES	20	A/P - CHARGED	12
18	EXPENSE PURCHASE BY CASH	EXPENSES	**21	CASH - PAID OUT	2
19	EXPENSE PURCHASE BY CHEQUE	EXPENSES	**21	BANK - WITHDRAWALS	5
20	EXPENSE PURCHASE BY CHARGE	EXPENSES	**21	A/P - CHARGED	12
21	RETURNED PURCHASE FOR CASH	CASH RECEIVED	1	(PURCHASES)	20
22	RETURNED PURCHASE FOR CREDIT	A/R - PAID	*11	(PURCHASES)	20
23	PAYMENT OF CHARGE PURCHASES	A/R - PAID	*11	BANK - WITHDRAWALS	5
24	CASH BALANCE SHORT	EXPENSES	**21	CASH - PAID OUT	2
25	BANK DEPOSITS	BANK - DEPOSITS	4	CASH - PAID OUT	2
26	CUSTOMER'S RETURNED CHEQUE (NSF)	A/R CHARGES	*7	BANK - WITHDRAWALS	5
27	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	15
28	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	15	BANK - WITHDRAWALS	5
29	INTEREST ON LOAN	EXPENSES	**21	BANK - WITHDRAWALS	5
30	INCREASE CAPITALIZATION	BANK - DEPOSITS	4	OWNER'S - INVESTMENT	16
31	ADVANCE PAYMENT ON TRAVEL FOR CASH	CASH RECEIVED	1	ADVANCE TRAVEL PAYMENTS	14

\* Also posted to sub-ledger  
 \*\* Also posted to Sales, Purchase, or Expense Distribution

for the \_\_\_\_\_ ended \_\_\_\_\_

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# TRAVEL AGENCY

## Balance Sheet

As Of \_\_\_\_\_

<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	+								
Bank	+								
Accounts Receivable	+								
Inventory	+								
<b>TOTAL CURRENT ASSETS</b>	=								+
<b>FIXED ASSETS</b>									
Land	+								
Building (net accumulated depreciation)	+								
Equipment (net accumulated depreciation)	+								
<b>TOTAL FIXED ASSETS</b>	=								+
<b>TOTAL ASSETS</b>									=
<b>LIABILITIES AND OWNER'S EQUITY</b>									
<b>CURRENT LIABILITIES</b>									
Advance Travel Payments	+								
Accounts Payable	+								
Accrued Expenses	+								
Short Term Loans	+								
<b>TOTAL CURRENT LIABILITIES</b>									
<b>LONG-TERM LIABILITIES</b>									
Notes Payable	+								
Mortgage Payable	+								
<b>TOTAL LONG-TERM LIABILITIES</b>									
<b>TOTAL LIABILITIES</b>	=								+
<b>OWNER'S EQUITY</b>									
Owner's Capital	+								
Retained Earnings - At Beginning of Period	+								
ADD: Present Period Net Income	+								
<b>TOTAL OWNER'S EQUITY</b>	=								+
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>									=



## **AUTOMOTIVE**

- \* Column Headings for One Book Accounting System**
- \* In/Out Rule Table**
- \* Income Statement**
- \* Balance Sheet**

### COLUMN HEADINGS FOR ONE-BOOK ACCOUNTING SYSTEM - AUTOMOTIVE

COLUMN NUMBER	COLUMN DESCRIPTION	ACCOUNT CATEGORY	TO BE USED IN PREPARATION OF:
1	Cash Received	Cash	Balance Sheet
2	Cash Paid Out	Cash	Balance Sheet
3	Cash Balance	Cash	Balance Sheet
4	Bank Deposit	Bank	Balance Sheet
5	Bank Withdrawals	Bank	Balance Sheet
6	Bank Balance	Bank	Balance Sheet
7	Accounts Receivable - Charges	Accounts Receivable	Balance Sheet
8	Accounts Receivable - Received	Accounts Receivable	Balance Sheet
9	Accounts Receivable - Balance	Accounts Receivable	Balance Sheet
10	Fixed Assets	Fixed Assets	Balance Sheet
11	Accounts Payable - Paid	Accounts Payable	Balance Sheet
12	Accounts Payable - Charges	Accounts Payable	Balance Sheet
13	Accounts Payable - Balance	Accounts Payable	Balance Sheet
14	Other Liabilities	Other Liabilities	Balance Sheet
15	Owner's Investment	Owner's Investment	Balance Sheet
16	Other Income	Other Income	Income Statement
17	Sales Gross	Sales	Income Statement
18	Sales Returns	Sales	Income Statement
19	Purchases	Purchases	Income Statement
20	Expenses	Expenses	Income Statement

### COLUMN HEADINGS FOR SALES, PURCHASE AND EXPENSE DISTRIBUTION

21	Sales, Auto Rental	Sales Distribution
22	Sales, Auto Sales	Sales Distribution
23	Sales, Parts & Service	Sales Distribution
24	Sales, Gas & Oil	Sales Distribution
25	Purchases, Auto Rental	Purchase Distribution
26	Purchases, Auto Sales	Purchase Distribution
27	Purchases, Parts & Service	Purchase Distribution
28	Purchases, Gas & Oil	Purchase Distribution
29	Direct Labour, Parts & Service	Direct Expense
30	Salaries & Commissions, Auto Rental	Direct Expense
31	Salaries & Commissions, Auto Sales	Direct Expense
32	Salaries & Commissions, Parts & Service	Direct Expense
33	Salaries & Commissions, Gas & Oil	Direct Expense
34	Supplies, Auto Rental	Direct Expense
35	Supplies, Auto Sales	Direct Expense
36	Supplies, Parts & Service	Direct Expense
37	Supplies, Gas & Oil	Direct Expense
38	Advertising, Auto Rental	Direct Expense
39	Advertising, Auto Sales	Direct Expense
40	Advertising, Parts & Service	Direct Expense
41	Advertising, Gas & Oil	Direct Expense
42	Owner's Gross Salary	Indirect Expense
43	Rent	Indirect Expense
44	Property & Business Tax	Indirect Expense
45	Repair & Maintenance	Indirect Expense
46	Telephone	Indirect Expenses
47	Utilities	Indirect Expenses
48	Insurance	Indirect Expenses
49	Interest	Indirect Expenses
50	Dues & Licenses	Indirect Expenses
51	Legal & Audit	Indirect Expenses
52	Other	Indirect Expenses

# **AUTOMOTIVE IN/OUT RULE TABLE**

	TYPE OF TRANSACTION	IN COLUMN TITLE	COL #	OUT COLUMN TITLE	COL #
1	CASH SALES	CASH - RECEIVED	1	GROSS SALES	**17
2	CHARGE SALES	A/R - CHARGES	*7	GROSS SALES	**17
3	SUNDRY CASH SALES	CASH - RECEIVED	1	OTHER INCOME	16
4	SUNDRY CREDIT SALES	A/R - CHARGES	*7	OTHER INCOME	16
5	RETURNED SALES FOR CASH	SALES RETURNS	**18	CASH - PAID OUT	2
6	RETURNED SALES FOR CREDIT	SALES RETURNS	**18	A/R - RECEIVED	*8
7	ALLOWANCE ON CREDIT SALES	SALES RETURNS	**18	A/R - RECEIVED	*8
8	DISCOUNTS GIVEN	SALES RETURNS	**18	A/R - RECEIVED	*8
9	TRADE-IN FOR CREDIT	A/R - CHARGES	*7	(FIXED ASSETS)	10
10	RECEIVED ON ACCOUNTS	CASH - RECEIVED	1	A/R - RECEIVED	*8
11	CHARGE OFF BAD ACCOUNTS	EXPENSES	**20	A/R - RECEIVED	*8
12	FIXED ASSET PURCHASE BY CASH	FIXED ASSETS	10	CASH - PAID OUT	2
13	FIXED ASSET PURCHASE BY CHEQUE	FIXED ASSETS	10	BANK - WITHDRAWALS	5
14	FIXED ASSET PURCHASE BY CHARGE	FIXED ASSETS	10	A/P - CHARGED	12
15	INVENTORY PURCHASE BY CASH	PURCHASES	**19	CASH - PAID OUT	2
16	INVENTORY PURCHASE BY CHEQUE	PURCHASES	**19	BANK - WITHDRAWALS	5
17	INVENTORY PURCHASE BY CHARGE	PURCHASES	**19	A/P - CHARGED	12
18	EXPENSE PURCHASE BY CASH	EXPENSES	**20	CASH - PAID OUT	2
19	EXPENSE PURCHASE BY CHEQUE	EXPENSES	**20	BANK - WITHDRAWALS	5
20	EXPENSE PURCHASE BY CHARGE	EXPENSES	**20	A/P - CHARGED	12
21	RETURNED PURCHASE FOR CASH	CASH RECEIVED	1	(PURCHASES)	**19
22	RETURNED PURCHASE FOR CREDIT	A/R - PAID	*11	(PURCHASES)	**19
23	PAYMENT OF CHARGE PURCHASES	A/R - PAID	*11	BANK - WITHDRAWALS	5
24	CASH BALANCE SHORT	EXPENSES	**20	CASH - PAID OUT	2
25	BANK DEPOSITS	BANK - DEPOSITS	4	CASH - PAID OUT	2
26	CUSTOMER'S RETURNED CHEQUE (NSF)	A/R CHARGES	*7	BANK - WITHDRAWALS	5
27	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	14
28	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	14	BANK - WITHDRAWALS	5
29	INTEREST ON LOAN	EXPENSES	**20	BANK - WITHDRAWALS	5
30	INCREASE CAPITALIZATION	BANK - DEPOSITS	4	OWNER'S - INVESTMENT	15

\* Also posted to sub-ledger  
 \*\* Also posted to Sales, Purchase, or Expense Distribution

**AUTOMOTIVE  
INCOME STATEMENT**

for the \_\_\_\_\_ ended \_\_\_\_\_

		AUTO RENTAL	AUTO SALES	PARTS & SERVICE	GAS & OIL	TOTAL PERIOD	YEAR TO DATE
GROSS SALES							
LESS: Returns and Allowances							
NET SALES:							
LESS: Cost of Goods Sold							
Beginning Inventory							
PLUS: Purchases							
Direct Labour							
Goods Available for Sale							
LESS: Ending Inventory							
COST OF GOODS SOLD							
GROSS MARGIN							
LESS: Direct Expenses							
Salaries and Commissions							
Supplies							
Advertising							
DIRECT EXPENSES							
DEPARTMENTAL INCOME							
LESS: Indirect Expenses							
Owner's Salary - Gross							
Rent							
Property and Business Taxes							
Repairs and Maintenance							
Telephone							
Utilities							
Insurance							
Interest							
Dues and Licenses							
Legal and Audit							
Other							
Bad Debts							
Depreciation							
INDIRECT EXPENSES							
INCOME FROM OPERATIONS							
ADD: Other Income							
NET INCOME BEFORE INCOME TAXES							
LESS: Income Taxes							
NET INCOME							

# AUTOMOTIVE

## Balance Sheet

As Of \_\_\_\_\_

<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	+								
Bank	+								
Accounts Receivable	+								
Inventory	+								
<b>TOTAL CURRENT ASSETS</b>	=							+	
<b>FIXED ASSETS</b>									
Land	+								
Building (net accumulated depreciation)	+								
Equipment (net accumulated depreciation)	+								
<b>TOTAL FIXED ASSETS</b>	=							+	
<b>TOTAL ASSETS</b>								=	
<b>LIABILITIES AND OWNER'S EQUITY</b>									
<b>CURRENT LIABILITIES</b>									
Accounts Payable	+								
Accrued Expenses	+								
Short Term Loans	+								
<b>TOTAL CURRENT LIABILITIES</b>									
<b>LONG-TERM LIABILITIES</b>									
Notes Payable	+								
Mortgage Payable	+								
<b>TOTAL LONG-TERM LIABILITIES</b>									
<b>TOTAL LIABILITIES</b>	=							+	
<b>OWNER'S EQUITY</b>									
Owner's Capital	+								
Retained Earnings - At Beginning of Period	+								
ADD: Present Period Net Income	+								
<b>TOTAL OWNER'S EQUITY</b>	=							+	
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>								=	





## **MOTEL/HOTEL/RESORT**

- \* Column Headings for One Book Accounting System**
- \* One Book Accounting System**
- \* Expense Distribution**
- \* In/Out Rule Table**
- \* Guest Account Card**
- \* Daily Entry Sheet**
- \* Income Statement**
- \* Balance Sheet**



## COLUMN HEADINGS FOR ONE-BOOK ACCOUNTING SYSTEM MOTEL/HOTEL/RESORT

COLUMN NUMBER	COLUMN DESCRIPTION	ACCOUNT CATEGORY	TO BE USED IN PREPARATION OF:	AS COMPARED TO DETAILED ACCOUNT CATEGORIES *
1	Cash Received	Cash	Balance Sheet	cash on hand (currency, coin, personal cheques, bank drafts, money orders)
2	Cash Paid Out	Cash	Balance Sheet	
3	Cash Balance	Cash	Balance Sheet	
4	Bank Deposit	Bank	Balance Sheet	cash in bank
5	Bank Withdrawals	Bank	Balance Sheet	
6	Bank Balance	Bank	Balance Sheet	
7	Accounts Receivable - Receivable	Accounts Receivable	Balance Sheet	accounts receivable (the One Book accounts receivable balance reflects both debits and credits in individual customer accounts. The Uniform System of Accounts classifies a credit balance in a customer account as a liability and would be reported as a liability on a balance sheet. A credit balance might result from an advance deposit.)
8	Accounts Receivable - Collected	Accounts Receivable	Balance Sheet	
9	Accounts Receivable - Balance	Accounts Receivable	Balance Sheet	
10	Accounts Payable - Paid	Accounts Payable	Balance Sheet	accounts payable (short term liabilities owed by the company to its suppliers. These accounts normally result from the purchase of merchandise or services. The One Book includes sales tax collected but not remitted as an accounts payable.)
11	Accounts Payable - Payable	Accounts Payable	Balance Sheet	
12	Accounts Payable - Balance	Accounts Payable	Balance Sheet	
13	Other Assets	Other Assets	Balance Sheet	merchandise inventory, supplies inventory, prepaid expenses, notes receivable, accrued interest receivable, marketable securities, land, building, leasehold and leasehold improvements, furniture and equipment, long term investments.
14	Other Liabilities	Other Liabilities	Balance Sheet	notes payable, bank indebtedness, payroll deductions, accrued expenses, estimated income taxes, mortgage payable, loans payable, dividends payable. (Note that advance deposits on rooms or banquets, and credit balances in accounts receivable are not included here even though this procedure is indicated by the Uniform System of Accounts.)
15	Owner's Investment	Owner's Investment	Balance Sheet	issued capital stock or owner or partner equity, retained earnings
16	Other Income	Other Income	Income Statement	other income not related to operations
17	Gross Revenue - Total	Gross Revenue	Income Statement	see distribution accounts below. (Note that sales tax is treated as an accounts payable and not included in Gross Revenue.)
18	Purchases - Total	Purchases	Income Statement	see distribution accounts below
19	Expenses - Total	Expenses	Income Statement	see distribution accounts below (the expense columns 26 through 36 conform to expense categories indicated in either The Standard Accounting System for the Accommodation Industry or the Uniform System of Accounts.)

### COLUMN HEADINGS FOR GROSS REVENUE, PURCHASE, AND EXPENSE DISTRIBUTION

20	Gross Revenue - Rooms	Gross Revenue	Income Statement	gross revenue - rooms
21	Gross Revenue - Food & Beverage	Gross Revenue	Income Statement	gross revenue - food & beverage
22	Gross Revenue - Other	Gross Revenue	Income Statement	gross revenue - telephone, laundry, valet, recreation, stores, parking, checkrooms
23	Purchases - Rooms	Purchases	Income Statement	Purchases
24	Purchases - Food & Beverage	Purchases	Income Statement	Purchases
25	Purchases - Other	Purchases	Income Statement	Purchases
26	Payroll (Gross) - Rooms	Direct Expenses - Rooms	Income Statement	net pay, income tax, insurance, pension, other employee benefits
27	Laundry - Rooms	Direct Expenses - Rooms	Income Statement	laundry, dry cleaning
28	Linen - Rooms	Direct Expenses - Rooms	Income Statement	linen, linen rental
29	Supplies - Rooms	Direct Expenses - Rooms	Income Statement	china, glassware, cleaning supplies, room stationery, uniforms
30	Repairs & Maintenance - Rooms	Direct Expenses - Rooms	Income Statement	repairs & maintenance e.g. for curtains, drapes, floor covering, springs, mattresses, window shades, room furniture
31	Payroll (Gross) - Food & Beverage	Direct Expenses - Food & Beverage	Income Statement	net pay, income tax, insurance, pension, other employee benefits
32	Laundry - Food & Beverage	Direct Expenses - Food & Beverage	Income Statement	laundry, dry cleaning
33	Linen - Food & Beverage	Direct Expenses - Food & Beverage	Income Statement	linen, linen rental
34	Supplies - Food & Beverage	Direct Expenses - Food & Beverage	Income Statement	bar & kitchen supplies, china, glassware, cleaning supplies, decorations, guest supplies, kitchen fuel, menus, wine lists, uniforms, utensils
35	Repairs & Maintenance - Food & Beverage	Direct Expenses - Food & Beverage	Income Statement	repair & maintenance e.g. for kitchen equipment, restaurant and beverage room furniture, floor covering, etc.
36	Payroll (Gross) - Other	Direct Expenses - Other	Income Statement	net pay, income tax, insurance, pension, other employee benefits

\* detailed account categories based on The Standard Accounting System for the Accommodation Industry, 1974 and the Uniform System of Accounts for Hotels, 1976.

39	Owner's Salary	Indirect Expenses	Income Statement	owner's salary
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COLUMN HEADINGS FOR GROSS REVENUE, PURCHASE, AND EXPENSE DISTRIBUTION

(CONT'D.)  
COLUMN  
NUMBER

COLUMN  
DESCRIPTION

ACCOUNT  
CATEGORY

TO BE USED IN  
PREPARATION OF:

AS COMPARED TO DETAILED  
ACCOUNT CATEGORIES \*

37	Direct Expense - Other	Direct Expense - Other	Income Statement	telephone call charges, laundry, linen, cleaning supplies, stationery
38	Payroll (Gross) - Administrative	Indirect Expenses	Income Statement	net pay, income tax, insurance, pension, other employee benefits
39	Owner's Salary	Indirect Expenses	Income Statement	owner's salary
40	Legal & Auditing	Indirect Expenses	Income Statement	accountant's fees, lawyer's fees
41	Credit Card Commissions	Indirect Expenses	Income Statement	commissions to credit card organizations
42	Insurance	Indirect Expenses	Income Statement	life insurance, fire insurance, public liability, etc. - net unemployment insurance, etc. included as payroll expenses)
43	Bad Debts	Indirect Expense	Income Statement	bad debts
44	Licenses, Permits, Taxes	Indirect Expense	Income Statement	licenses, permits, taxes
45	Advertising, Sales Promotion	Indirect Expenses	Income Statement	agency fees, media charges, community donations, house publications, promotional entertainment, promotional travel, promotional literature
46	Heat, Light, Power	Indirect Expenses	Income Statement	fuel (not kitchen fuel), electricity, refrigeration supplies, engineering supplies
47	Repair & Maintenance - General	Indirect Expenses	Income Statement	repair & maintenance e.g. for building, grounds, electrical & mechanical equipment, office furniture, etc. (Note that all repairs & maintenance are included as an indirect expense according to the Uniform System of Accounts, whereas the One Book departmentalizes this expense when possible.)
48	Management Franchise Fee	Indirect Expenses	Income Statement	fees charged by a management organization
49	Interest	Indirect Expenses	Income Statement	mortgage interest, loan interest, bank charges
50	Other	Indirect Expenses	Income Statement	other

\* detailed account categories based on The Standard Accounting System for the Accommodation Industry, 1974 and the Uniform System of Accounts for Hotels, 1926.

## One Book Accounting System

[illegible]

### Expense Distribution

[illegible]

# MOTEL/HOTEL/RESORT IN/OUT RULE TABLE

	TYPE OF TRANSACTION	IN COLUMN TITLE	COL #	OUT COLUMN TITLE	COL #
A	CASH SALES	CASH - RECEIVED	1	GROSS REVENUE - TOTAL	**17
B	CHARGE SALES	A/R - RECEIVABLE	*7	GROSS REVENUE - TOTAL	**17
C	SUNDRY CASH INCOME	CASH - RECEIVED	1	OTHER INCOME	16
D	SUNDRY CREDIT INCOME	A/R - RECEIVABLE	*7	OTHER INCOME	16
E	REFUND FOR CASH	(GROSS REVENUE - TOTAL)	**17	CASH PAID OUT	2
F	REFUND FOR CREDIT	(GROSS REVENUE - TOTAL)	**17	A/R - COLLECTED	*8
G	GUEST ALLOWANCE ON CREDIT SALES	(GROSS REVENUE - TOTAL)	**17	A/R - COLLECTED	*8
H	DISCOUNTS GIVEN TO GUESTS	(GROSS REVENUE - TOTAL)	**17	A/R - COLLECTED	*8
I	TRADE-IN FOR CREDIT	A/R - RECEIVABLE	*7	(OTHER ASSETS)	13
J	RECEIVED ON ACCOUNT	CASH - RECEIVED	1	A/R - COLLECTED	*8
K	CHARGE OFF BAD ACCOUNTS	EXPENSES	**19	A/R - COLLECTED	*8
L	FIXED ASSET PURCHASE BY CASH	OTHER ASSETS	13	CASH - PAID OUT	2
M	FIXED ASSET PURCHASE BY CHEQUE	OTHER ASSETS	13	BANK - WITHDRAWALS	5
N	FIXED ASSET PURCHASE BY CHARGE	OTHER ASSETS	13	A/P - PAYABLE	11
O	INVENTORY PURCHASE BY CASH	PURCHASES	**18	CASH - PAID OUT	2
P	INVENTORY PURCHASE BY CHEQUE	PURCHASES	**18	BANK - WITHDRAWALS	5
Q	INVENTORY PURCHASE BY CHARGE	PURCHASES	**18	A/P - PAYABLE	11
R	EXPENSE PAYMENT BY CASH	EXPENSES	**19	CASH - PAID OUT	2
S	EXPENSE PAYMENT BY CHEQUE	EXPENSES	**19	BANK - WITHDRAWALS	5
T	EXPENSE PAYMENT BY CHARGE	EXPENSES	**19	A/P - PAYABLE	11
U	RETURNED PURCHASE FOR CASH	CASH - RECEIVED	1	(PURCHASES)	**18
V	RETURNED PURCHASE FOR CREDIT	A/P PAID	*10	(PURCHASES)	**18
W	PAYMENT OF CHARGE PURCHASES	A/P PAID	*10	BANK - WITHDRAWALS	5
X	CASH BALANCE SHORT	EXPENSES	**19	CASH - PAID OUT	2
Y	BANK DEPOSITS	BANK - DEPOSITS	4	CASH - PAID OUT	2
Z	GUEST'S CHEQUE RETURNED (NSF)	A/R RECEIVABLE	*7	BANK - WITHDRAWALS	5
AA	BANK LOAN	BANK - DEPOSITS	4	OTHER LIABILITIES	14
BB	LOAN REPAYMENT BY CHEQUE	(OTHER LIABILITIES)	14	BANK - WITHDRAWALS	5
CC	INTEREST ON LOAN	EXPENSES	**19	BANK - WITHDRAWALS	5
DD	INCREASE CAPITALIZATION	BANK DEPOSITS	4	OWNER'S - INVESTMENT	15
* Also posted to sub-ledger				A/r Account Receivable	
** Also posted to sales, purchase, or expense distribution				A/P Accounts Payable	

### Guest Account Card

[illegible]



DAILY ENTRY SHEET														
DATE: _____ DAY: _____														
	OPENING CASH - BALANCE													+
	PLUS: Cash - Received													
21	Cash Sales (Food & Beverage)	+												
22	Plus: Cash Sales (Other)	+												
	Equals: Total Cash Sales	=				+								
20	Plus: Accts. Rec. - Rec. (rooms)	+												
21	Plus: Accts Rec. - Rec. (food & bev.)	+												
22	Plus: Accts Rec. - Rec. (other)	+												
7	Equals: Accts Rec. - Rec.	=				+								
17	GROSS REVENUE (TOTAL)					=					+			
	Less: Accts Rec. - Rec.										-			
11	Plus: Sales Tax Collected										+			
8	Plus: Accts Rec. - Collected										+			
5	Plus: Bank - Withdrawals										+			
16	Plus: Other Income										+			
1	CASH - RECEIVED										=		+	
	LESS: Cash - Paid Out													
7	Paid Outs for Room Guests										+			
18	Purchases and Freight										+			
19	Expenses										+			
10	Accounts Payable - Paid										+			
4	Bank - Deposits										+			
2	CASH - PAID OUT										=		-	
	EQUALS: Closing Cash Balance											=		
2(1)	LESS: Actual Cash Balance												-	
19	EQUALS: Cash Balance Short (Over)												=	

# Income Statement

INCOME STATEMENT																				
MONTH ENDED _____ 19 ____																				
		ROOMS				FOOD & BEVERAGE				OTHER				TOTAL PERIOD				YEAR TO DATE		
		COL				COL				COL				COL						
	GROSS REVENUE																			+
	LESS: Cost of Goods Sold																			
	Beginning Inventory	+																		
	Plus: Purchases	+																		
	Goods Available for Sale																			
	LESS: Ending Inventory	-																		
	COST OF GOODS SOLD	=																		-
	EQUALS: GROSS MARGIN																			=
	LESS: Direct Expenses																			
	Payroll (Gross)	+																		
	Laundry	+																		
	Linen	+																		
	Supplies	+																		
	Repairs and Maintenance	+																		
	Other Direct Expenses	+																		
	DIRECT EXPENSES	=																		-
	EQUALS: DEPARTMENT INCOME																			=
	LESS: Indirect Expenses																			
	Administrative Payroll (Gross)	+																		
	Owner's Salary	+																		
	Legal and Audit	+																		
	Credit Card Commissions	+																		
	Insurance	+																		
	Bad Debt	+																		
	Licenses, Permits, Taxes	+																		
	Advertising ... Sales Promotion	+																		
	Heat, Light, Power	+																		
	Repairs and Maintenance (General)	+																		
	Management or Franchise Fee	+																		
	Interest	+																		
	Other	+																		
	DEPRECIATION	+																		
	INDIRECT EXPENSES	=																		-
	EQUALS: INCOME FROM OPERATIONS																			=
	PLUS: OTHER INCOME																			+
	EQUALS: NET INCOME BEFORE TAXES																			=
	LESS: INCOME TAXES																			-
	EQUALS: NET INCOME																			=

## **PROFESSIONAL (PERSONAL SERVICE) FIRMS**

- \* One Book Accounting System**
- \* Expense Distribution**
- \* Daily Entry Sheet**
- \* Income Statement**
- \* Balance Sheet**
- \* Contract Work in Progress/Deferred Revenue Sheet**
- \* Accounts Receivable Ledger Card**
- \* Accounts Payable Ledger Card**
- \* Payroll Sheet**
- \* Individual Employee Record**

# Balance Sheet

Balance Sheet									
As Of _____									
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	+								
Bank	+								
Accounts Receivable	+								
Inventory	+								
Other	+								
<b>TOTAL CURRENT ASSETS</b>	<b>=</b>								<b>+</b>
<b>FIXED ASSETS</b>									
Land	+								
Building (net accumulated depreciation)	+								
Equipment (net accumulated depreciation)	+								
<b>TOTAL FIXED ASSETS</b>	<b>=</b>								<b>+</b>
<b>TOTAL ASSETS</b>									<b>=</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>									
<b>CURRENT LIABILITIES</b>									
Accounts Payable	+								
Other	+								
<b>TOTAL CURRENT LIABILITIES</b>									
<b>LONG-TERM LIABILITIES</b>	+								
<b>TOTAL LIABILITIES</b>	<b>=</b>								<b>+</b>
<b>OWNER'S EQUITY</b>									
Owner's Capital	+								
Retained Earnings - At Beginning of Period	+								
ADD: Present Period Net Income	+								
<b>TOTAL OWNER'S EQUITY</b>	<b>=</b>								<b>+</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>									<b>=</b>



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## One Book Accounting System

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<b>DAILY ENTRY SHEET</b>						
DATE: _____ DAY: _____						
	Opening Cash					+
	Plus: Cash - Received					
	Cash Sales					
17	Gross Sales	+				
18	Less: Sales Returns	-				
7	Less: Accounts Receivable - Receivable	-				
	Equals: Cash Sales	=			+	
11	Sales Tax				+	
8	Accounts Receivable - Collected				+	
5	Bank Withdrawals				+	
16	Other Income				+	
1	Cash Received				=	+
	Less Cash - Paid Out					
19	Purchases & Freight				+	
20	Expenses				+	
10	Accounts Payable - Paid				+	
4	Bank Deposits				+	
2	Cash - Paid Out					-
	Equals: Closing Cash - Balance					=
	Less: Actual Cash Balance					-
<sup>2</sup> / <sub>20</sub> <sup>1</sup> ( <sub>20</sub> )	Equals: Cash Balance Short (Over)					=



MONTH ENDED _____ 19 ____		CURRENT MONTH												YEAR TO DATE		
COL #																
17	Contract Revenue															
18	Plus: Service Revenue															
16	Plus: Other Income															
19	Less: Program Direct Expenses															
	EQUALS: NET REVENUE															
	Less: Agency Expenses															
	Salaries and Wages															
21	Owner's Drawings															
22	Payroll - Net Pay															
23	Payroll - Income Tax															
24	Payroll - Insurance															
25	Payroll - Pension															
	Occupancy															
26	Rent															
27	Property Tax															
28	Repair and Maintenance															
	General Expense															
29	Advertising															
30	Automobile															
31	Delivery															
32	Dues and Licenses															
33	Insurance															
34	Interest															
35	Legal and Audit															
36	Supplies															
37	Telephone															
38	Travel															
39	Utilities															
40	Other															
*	Depreciation															
20	** TOTAL AGENCY EXPENSES															
	EQUALS: Net Surplus From Operations															

\* Depreciation is not taken from the One-Book spread-sheet, but is an adjustment discussed in this section.

\*\* This total should equal the expenses figure from Column 20 + the depreciation figure.

Balance Sheet						
As Of _____						
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	+					
Bank	+					
Accounts Receivable	+					
Inventory	+					
Work in progress	+					
Other	+					
<b>TOTAL CURRENT ASSETS</b>	<b>=</b>					<b>+</b>
<b>FIXED ASSETS</b>						
Land	+					
Building (net of accumulated depreciation)	+					
Equipment (net of accumulated depreciation)	+					
Other	+					
<b>TOTAL FIXED ASSETS</b>	<b>=</b>					<b>+</b>
<b>TOTAL ASSETS</b>						<b>=</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	+					
Other	+					
<b>TOTAL CURRENT LIABILITIES</b>	<b>=</b>					
<b>LONG TERM LIABILITIES</b>	<b>+</b>					
<b>TOTAL LIABILITIES</b>	<b>=</b>					<b>+</b>
<b>OWNER'S EQUITY</b>						
Owner's Capital	+					
Retained Earnings - At Beginning of Period	+					
ADD: Present Period Net Income	+					
<b>TOTAL OWNER'S EQUITY</b>	<b>=</b>					<b>+</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>						<b>=</b>

CONTRACT: \_\_\_\_\_ JOB NO: \_\_\_\_\_  
CONTACT PERSON: \_\_\_\_\_ RESPONSIBILITY \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ BUDGET: \_\_\_\_\_  
TELEPHONE: \_\_\_\_\_

[illegible]

### Accounts Receivable Ledger Card

[illegible]

### Accounts Payable Ledger Card

[illegible]

## Payroll Sheet

[illegible]

## Individual Employee Record

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## DATE DE RETOUR

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