The Analysed Cash Book and Balancing an Account

**The analysed cash book allows us to record our actual income and expenditure that happens in a given period (example a week in March) by preparing household accounts.**

*When completing cash accounts we:*

* Record money ***coming in*** on the left side and call it a **DEBIT**
* Record money ***going out*** on the right side and call it a **CREDIT**

**Our accounts are recorded in a letter T- Account style**

*Debit (+) this is money coming in and to the left.*

*Credit (-) this is anything we pay out and is to the right*

***Let’s take a look at a posting the following figures for an Analysed Cash book for a family for the week 01-08 of March.***

|  |
| --- |
| *01/03 Wages €600* |
| *02/03 Groceries €60* |
| *04/03 ESB Electricity Bill €150* |
| *06/03 Child Benefit €350* |
| *07/03 Mortgage Payment €900* |
| *08/03 Wages €600* |

*This would be the completed answer presented, but we will take a closer look at how you get this answer below.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Total** | **Date** | **Details** | **Total** |
| 01/03 | Wages | 600 | 02/03 | Groceries | 60 |
| 06/03 | Child Benefit | 350 | 04/03 | Electricity | 150 |
| 08/03 | Wages | 600 | 07/03 | Mortgage | 900 |
|  |  |  | **08/03** | **Balance C/D** | **440** |
|  |  | 1,550 |  |  | 1,550 |
| **09/03** | **Balance B/D** | **440** |  |  |  |

1. Decide which transactions are debits and which are credits and post figures to the correct sides

|  |
| --- |
| *01/03 Wages €600 DEBIT* |
| *02/03 Groceries €60 CREDIT* |
| *04/03 ESB Electricity Bill €150 CREDIT* |
| *06/03 Child Benefit €350 DEBIT* |
| *07/03 Mortgage Payment €900 CREDIT* |
| *08/03 Wages €600 DEBIT* |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Total** | **Date** | **Details** | **Total** |
| 01/03 | Wages | 600 | 02/03 | Groceries | 60 |
| 06/03 | Child Benefit | 350 | 04/03 | Electricity | 150 |
| 08/03 | Wages | 600 | 07/03 | Mortgage | 900 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

1. Once all transactions have been entered, you now need to balance the account for the week. To do this, the following will apply:

Skip a line and add up the totals on both sides- write only the bigger of the two numbers on both sides. In this question (600 + 350 +600 = €1,550) and (60 + 150 + 900 = €1,110) so the €1,550 takes over- see below. YOU DO NOT WRITE THE SMALLER NUMBER ANYWHERE!!!!

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Total** | **Date** | **Details** | **Total** |
| 01/03 | Wages | 600 | 02/03 | Groceries | 60 |
| 06/03 | Child Benefit | 350 | 04/03 | Electricity | 150 |
| 08/03 | Wages | 600 | 07/03 | Mortgage | 900 |
|  |  |  |  |  |  |
|  |  | 1,550 |  |  | 1,550 |
|  |  |  |  |  |  |

1. You have to balance the account.

To do this you then need to find out how much bigger the bigger side is than the smaller side- this is what is going to be called the Balance c/d number and the Balance b/d number. In other words, €1,510 - €1,110 = €440.

This tells us that after all transactions for the month have been completed, the difference between the debit side and credit side was €440

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Total** | **Date** | **Details** | **Total** |
| 01/03 | Wages | 600 | 02/03 | Groceries | 60 |
| 06/03 | Child Benefit | 350 | 04/03 | Electricity | 150 |
| 08/03 | Wages | 600 | 07/03 | Mortgage | 900 |
|  |  |  | **08/03** | **Balance C/D** | **440** |
|  |  | 1,550 |  |  | 1,550 |
| **09/03** | **Balance B/D** | **440** |  |  |  |