

What IS manual bookkeeping?

Scholars claim that double entry bookkeeping had been in use in Italy for hundreds of years before the first book entitled *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* (Everything About Arithmetic, Geometry and Proportion) was written on it by Pacioli in 1494. Bookkeeping was one of five topics covered, included "in order that the subjects of the most gracious Duke of Urbino may have complete instructions in the conduct of business," and to "give the trader without delay information as to his assets and liabilities."

Early in the 1900's bookkeepers were using mechanical adding machines, many with a full rank of keys for each number, that did only addition and subtraction. Multiplication and division were accomplished by old fashioned arithmetic. It was not until the early 50's that the electronic printing calculator became widely available as a desktop model. For bookkeepers, it was the next best thing to a miracle. It cut down the errors, and the time spent looking for them, to a fraction of what it had been.

Manual bookkeeping is done by hand with pen and ink in Journal and Ledger books. (The background of the bookkeeping page was copied from journal paper.)

There are generally three Journal books, two of them with very wide pages.

1.) Cash-In (bank deposits and cash (debits)) plus columns for all the relevant income and sales accounts plus a miscellaneous column for unusual receipts (credits), and

2.) Cash-Out (generally checks (credits)) plus columns for all/most of the relevant expenses and a column for miscellaneous unusual payments (debits) and

3.) General Journal especially for entries that do not belong in either of the other two journals.

The "big kahuna" is the General Ledger, the book in which the monthly account totals are entered. Started at inception, there may be multiple pages for many accounts.

There will also be separate ledger books for Receivables, Payables, equipment, inventory etc. whose totals support (and must be equal to) those in the General Ledger. The entries in these books are posted individually from the three major journals of "original entry".

Because manual bookkeeping is time consuming and prone to mathematical errors, there are no entries, **ever**, that are entered directly into a general ledger account. All entries are first recorded in journals, totaled and balanced across at the end of every month and. except for the General Journal, posted in totals to the general ledger accounts. As a general rule, this helps to insure that the General Ledger will be in balance.

The general ledger accounts, then, show only monthly totals, no individual entries except those entries posted individually from the General Journal.

After all accounts are posted at month end, a Trial Balance (totals on all accounts) is run on the General Ledger Accounts. The total should be zero. (Any amount at all shows the amount the General Ledger is out of balance.) When in balance, appropriate account totals are entered into the Balance Sheet and the Profit and Loss Statement. Initially they will both be out of balance, and by the same amount. If a credit on the Profit and Loss Statement, (excess of income over expense) the company has made this amount of profit to that point in the year. The difference in the P&L is carried forward to the Balance Sheet, bringing that statement into balance.

Computer bookkeeping is more than the latest innovation in an age old system. It has changed the system. Computer accounting systems do not allow errors in addition and subtraction. As the "books" CANNOT be out of balance (the system creates an entry to cover the difference) so the programs are designed to make entries directly into the general ledger accounts. They are, therefore, a collection of individual entries. Generally "Journals" are just convenient reports that gather together entries of one or another particular type.

And, with most balancing entries automatically generated, computer bookkeeping has largely reduced "bookkeeper" to data entry operator. Advertising that "anyone can do it" accounting programs have effectively replaced years of apprenticeship once required to advance from billing clerk to full-charge bookkeeper with someone who can operate a computer. From my perspective as someone who's been there done that, I appreciate the computer's convenience and the huge increase in volume of work that can be accomplished, but much has been lost as well.



"Embezzle" the fact-finding guide that will expose discrepancies in your accounting records and allow you to proceed on fact, not suspicion.

Most owners and managers are reluctant to accept embezzlement as a possibility because, if both their staff and their accounting is suspect, they believe there is no other solution than to hire their CPA to conduct an audit which will cost big bucks and may find nothing at all. That being the case reliable CPAs are reluctant to do an audit on the basis of suspicion alone. Owners and Managers then find themselves in a no-win situation, unable to go further,

"EMBEZZLE" is the solution! It's how you find the evidence, if there is any. EMBEZZLE" is not set up like an audit. It works from the inside, like a bookkeeper does. If there are discrepancies to be found, you'll have documentation: what it is, where it is. You'll be operating on fact, not suspicion.

With the instructions in "EMBEZZLE" you can easily do it yourself. If you need a little fine-tuning of your bookkeeping skills, consider **Bookkeeping Basics**. If you don't have the time or desire to follow "EMBEZZLE" yourself, hire someone to do it for you on a temporary/part-time basis. I suggest an outsider, a retired full-charge bookkeeper with years of experience, a high school education and a clean record

EMBEZZLE

- *How you are setting yourself up for embezzlement.
- *How your Financial Statements hide embezzlement.
- *19 Common embezzler tricks and how they work.
- *If you're not seeing evidence of embezzlement, why bother to look for it?
- *How to make sure you can access your records.
- *What to do **RIGHT NOW!**
- *What's so important about keeping your investigation secret?
- *What to do now to recover money later.
- *Exactly how to access bookkeeping accounts and find what you're looking for.
- *How to massage bookkeeping data in excel to reveal vital clues.
- *How to check the hard copy files for what IS and is NOT there.
- *If your suspicions are confirmed, what to do next, absolutely NOT do?
- *Other Risks.
- *Prevention **METHODS** that make embezzlement almost impossible.
- *How to Limit your exposure.

<http://www.aniota.com/~jwhite/bookkeeping/embezzlement0.html> \$10.00