



Exam FA1

Recording Financial Transactions

Pocket Notes

The Kaplan Publishing logo is located in the bottom right corner. It features the word 'KAPLAN' in a bold, white, sans-serif font, with a white curved line underneath it. Below the curve, the word 'PUBLISHING' is written in a smaller, white, sans-serif font. The entire logo is set against a dark blue rectangular background.

KAPLAN
PUBLISHING

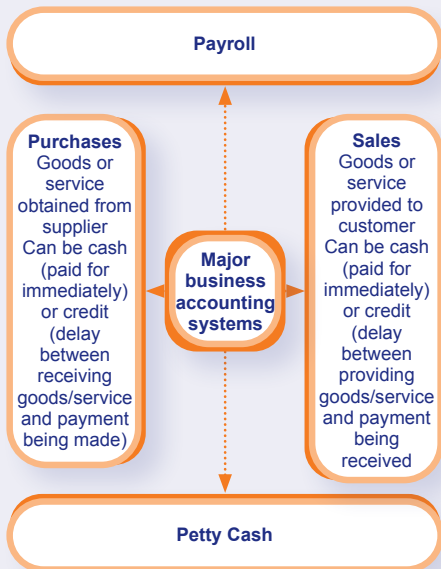
Contents

Chapter 1	Business transactions and documents.....	1
Chapter 2	Principles and process of bookkeeping.....	9
Chapter 3	Double-entry bookkeeping	17
Chapter 4	Sales and sales records.....	31
Chapter 5	Purchases and purchase records	39
Chapter 6	Recording receipts and payments.....	47
Chapter 7	Petty cash.....	61
Chapter 8	Payroll.....	69
Chapter 9	Reconciliations	77
Chapter 10	The trial balance.....	87
Index	I.1

Types of business



Accounting systems



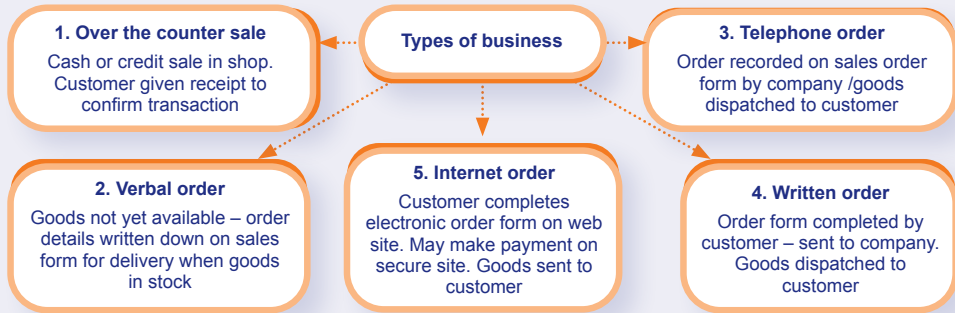
Key Point

- Accounting system used to record transactions.
- Many employees using accounting systems / ledger accounts.
- Control system therefore in place to ensure complete and accurate recording of transactions.

Reasons for producing business documents

- Evidence of the transaction and its details.
- Evidence of the stage that a transaction has reached (e.g. delivery note shows goods received).
- Check and confirm transactions made.
- Recording transaction details.

Cash transactions



Payment requisition

Situations

For abnormal expenses or payment requests not supported by invoice, e.g.

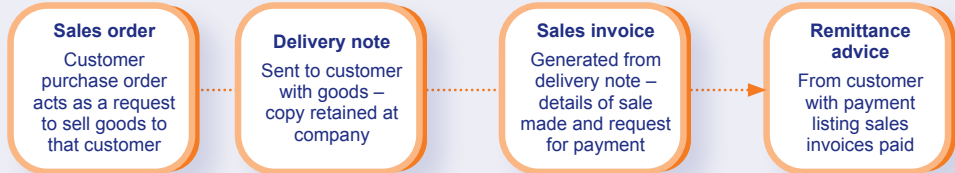
- deposit for catering services
- servicing of company car
- settlement of company credit card.

Process

- 1 Payment requisition form completed by manager and any supporting documentation attached.
- 2 Authorised by head of department.
- 3 Sent to cashier.
- 4 Payment prepared and made e.g. automated payment or cheque.

Key documents in credit sales/purchases systems

Sales system



Purchase system



Other business documents

Statement of account

Sent monthly to customer showing invoices not yet paid

Credit note

Sent from supplier to customer, cancels part or whole of invoice for goods returned

Debit note

A document raised by a customer and issued to a supplier to request a credit note.

Petty cash voucher

Shows authorised expenditure from petty cash supported by documentation showing expense is genuine

Employee payslip

Notification to employee of wages earned less statutory and other authorised deductions

Contents of the payslip:

- employee's / employer's name
- date
- total gross pay split into elements e.g overtime, etc
- any employee pension contribution
- deductions from, or adjustments to, pay
- total gross pay to date
- total tax paid to date in tax year and tax due this pay day

- National Insurance/social security contributions due this pay day
- net pay.



Exam focus

Remember many of the multiple-choice questions on this section are factual so ensure you remember the names of the different types of business documents and what each is used for.



You are viewing a sample

Interested in the full version?