I HAVE WORKED AS AN ACCOUNTANT AND AUDITOR in many commercial and charitable organisations, ranging from multinational companies in London to tiny churches in Africa. I have seen many different systems for keeping accounts, both in the English-speaking and the French-speaking worlds. One thing I have noticed is that the accounting systems used are often more complicated than necessary.

The Analysed Cash Book
The system I would like to recommend here is one which I have used with many churches and small charities. I believe it is very suitable for any type of small organisation or development project.

It is based on the Analysed Cash Book. All you need is a large Accounts book, with lots of columns for writing in numbers. You could try large stationery stores or an accountancy book shop – try to find a book with 36 columns. If necessary you may need to adapt smaller accounts books.

The idea behind the Analysed Cash Book is that you write down each receipt (money coming in) and payment (money going out) twice when you record it in the Cash Book: once in a column for Bank or Cash, according to whether you used a cheque or cash to buy the item, and once in a column according to the type of receipt or expense.

It is this process of analysing (or sorting) each receipt or expense into different types (e.g. food, fuel) that gives the system its name.

Advantages of the system

- All payments using cheques are kept separate from payments using cash. This makes it easy to check each month that the total on the bank statement agrees with the total (in the Cash Book) of receipts in the Bank column and less expenses in the Bank column. The total of the Bank and Cash columns is equal to the total of all the analysed columns, therefore, always be the same as the total of all the other columns – the ‘analysed’ columns.
- You need to add up all the columns at the end of each page, and to check that the total of the Bank and Cash columns is equal to the total of all the analysed columns, before going on to the next page.
- Final comments
  - You should have heard of double-entry book-keeping. This is a simple form of double-entry book-keeping but thought that sounded too complicated for you, this is a simple form of double-entry book-keeping.

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Preparing the final accounts
In the example given earlier the accounts for the period, as presented to the Finance Committee, would be as follows…

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
<td>Salaries</td>
</tr>
<tr>
<td>Projects</td>
<td>Food</td>
</tr>
<tr>
<td>Rent</td>
<td>Fuel</td>
</tr>
<tr>
<td>Sundry</td>
<td>Sundry</td>
</tr>
<tr>
<td>TOTAL</td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

In this example, we can see that each receipt, and also each expense, is recorded in one of the first two columns, as in always the case in all cash books. However, each receipt and expense is also sorted according to its type. The total of the first two columns must, therefore, always be the same as the total of all the other columns – the ‘analysed’ columns.

In the example given, notice that there are also columns for the Date, Description and Reference Number (either for the cheque or for an invoice or bill). These details are always necessary for an organised accounting system.

One major advantage of this accounting system is that you have to sort the receipts and expenses according to their type when you record them in the Cash Book – not several months later when you have to present the accounts to a meeting! Too often you may have forgotten the reason for a particular expense six months ago, but if you have to record it immediately you will save a lot of time (and problems!).

In addition, when you need to prepare the accounts for a meeting of the Finance Committee, all you have to do is to type out the totals of each type in the accounts (see box). You do not need to sort each transaction according to its type again – a job that can take hours if you leave it until it is time to prepare the accounts.

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