



Accounting Workbook Manual

Disclaimer: We are community accountants, not software developers. Spreadsheets are provided on an as-is basis. While we take all reasonable care that they are free from errors and give the desired results we cannot give guarantees to that effect. We appreciate if you report any bugs you may find to info@commaccounting.co.nz

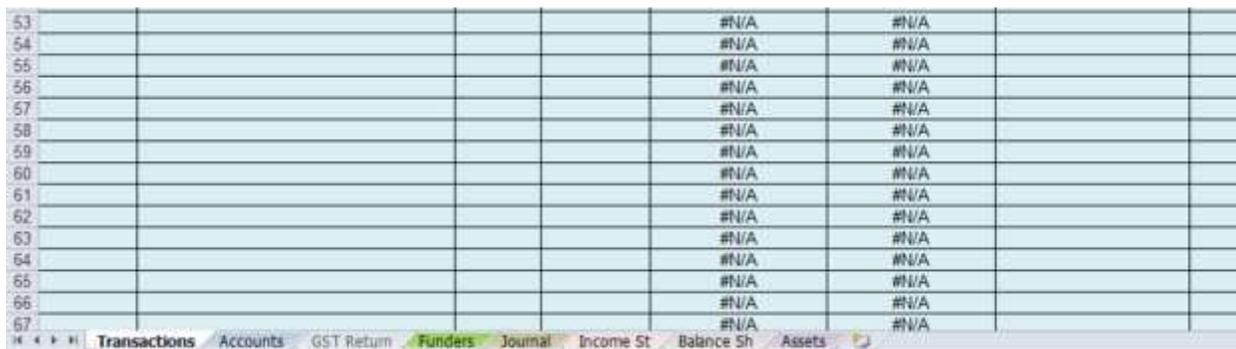
Contents

1. Getting familiar with your workbook	3
2. Setting up your workbook	4
a. Income/Expenditure Accounts	4
b. Fixed Assets.....	4
c. Bank Accounts.....	5
d. Balance Sheet.....	5
e. Funders	6
3. Creating New Accounts	6
4. Tracking Grants.....	7
5. Entering income and expenditure.....	8
Recording a transaction in the Transaction sheet:.....	9
Transfers between bank accounts.....	9
Travel Expenses (and other GST inconsistencies).....	10
Sorting and searching the 'Transactions' sheet.....	10
6. Acquiring a new fixed asset.....	11
Recording the purchase of a new asset.....	11
Recording a donated asset.....	11
<i>Deciding on Depreciation</i>	12
7. Disposal of a Fixed Asset	12
8. Reconciling Bank Statements	14
9. Petty Cash	15
10. Reporting.....	16
11. Getting ready for audit	16

1. Getting familiar with your workbook

There are several versions of our accounting workbook, depending on when your financial year ends, how many bank accounts you operate and whether or not you are GST registered. This manual is based on GST registration, four bank/cash accounts and a June financial year.

Your workbook has eight spreadsheets (seven if not registered for GST) represented by tabs at the bottom of the screen:



53						#N/A	#N/A		
54						#N/A	#N/A		
55						#N/A	#N/A		
56						#N/A	#N/A		
57						#N/A	#N/A		
58						#N/A	#N/A		
59						#N/A	#N/A		
60						#N/A	#N/A		
61						#N/A	#N/A		
62						#N/A	#N/A		
63						#N/A	#N/A		
64						#N/A	#N/A		
65						#N/A	#N/A		
66						#N/A	#N/A		
67						#N/A	#N/A		

Transactions Accounts GST Return Funders Journal Income St Balance Sh Assets

Transactions Sheet: Records all your financial transactions and reconciles up to four bank/cash/credit card accounts. *This is where you enter all your expenditure and income*, including purchase of any fixed assets and any transfers between accounts.

Accounts Sheet: Tracks and sums up your accounts by month and for the year to date. *This is where you create new expenditure, income, asset or liability accounts*. This sheet also has the list of account codes you need to work your transaction sheet.

GST Return Sheet (only if registered): Tracks GST paid and received and gives you the figures you need for any GST returns (bimonthly or half-yearly). *You do not need to enter anything here*.

Funders Sheet: Tracks any money unspent from conditional grants you may have received, and any untagged funds. *This is where you add any funders*.

Journal Sheet: Allows journal entries for end-of-year adjustments.

Income Statement Sheet: Creates your Income Statement (also known as Statement of Financial Performance).

Balance Sheet: Creates your Statement of Financial Position (or Balance Sheet).

Assets Sheet: Keeps track of your fixed assets and calculates depreciation.

All sheets have some **protection** to help avoid accidental entries or mistakes. If you want to remove this protection in order to customise the sheet for your needs, simply click 'Unprotect Sheet' in the review tab of the ribbon at the top.

2. Setting up your workbook

Your workbook needs your accounts and the opening balances from the previous year entered, if this hasn't already been done for you

a. Income/Expenditure Accounts

In the **Accounts Tab** enter your expenditure and income accounts in column B next to an account number in an order that makes the most sense to you.

For each account enter 'FALSE' or 'TRUE' in the GST column (column D), depending on whether the account is GST-bearing or not.

Account Number	Account Name	Account Type	GST Status
210	Accounts Receivable	Asset	FALSE
250			
251	LIABILITIES		
252	Long-term Liabilities		
253	Current Liabilities		
254	Accounts Payable	Liability	FALSE
255	GST	Liability	FALSE
256		Liability	FALSE
301		Liability	FALSE
410	EXPENDITURE		
411	General		
412	Salaries/PAYE	Expenditure	FALSE
413	Rent	Expenditure	TRUE
414	Electricity	Expenditure	TRUE
415	Communication	Expenditure	TRUE
416	General	Expenditure	TRUE
417	Bank Fees	Expenditure	FALSE
418	Postage	Expenditure	TRUE
419	Printing	Expenditure	TRUE
420		Expenditure	
421		Expenditure	
422		Expenditure	
423		Expenditure	
424		Expenditure	
425		Expenditure	
426		Expenditure	

b. Fixed Assets

In the **Accounts Tab** enter your assets in column B, and a GST value (TRUE or FALSE) in column D.

In the **Assets Tab** enter Purchase Date, Cost and Book Value at Start of Year in columns B,C and D

Account Number	Account Name	Account Type
100	ASSETS	
110	Fixed Assets	
111	Buildings	Asset
112		Asset
113		Asset
120	Electronics	Asset
121	HP 1234 XT	Asset
122		Asset
123		Asset
124		Asset
125		Asset

e. Funders

In the **Funders Tab** enter all the grants you want to track in column A. Enter the opening balances from last year next to them. 'Membership Funds' are your untagged funds.

DO NOT enter opening balances for any funds received during the year.

Funder Name	Funds at Start of Year	Column M	Column O	Current Grant Balance
Membership Funds	\$ 6,222.22	\$ -	\$ -	\$ 6,222.22
Lottery - Wages	\$ 4,321.45	\$ -	\$ -	\$ 4,321.45
Lottery - Overheads	\$ 1,892.00	\$ -	\$ -	\$ 1,892.00
Lottery - Printing	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
Community Trust	\$ 8,722.16	\$ -	\$ -	\$ 8,722.16
Pub Charity	\$ 2,200.00	\$ -	\$ -	\$ 2,200.00
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -

3. Creating New Accounts

Creating accounts that help *you* to monitor your finances is very important.

New accounts can be added in the Accounts sheet simply by entering them in a free line in column B in the relevant section. You also need to assign a GST value (True or False) in column D. The Transactions sheet will now recognise this account.

4. Tracking Grants

Most grant makers require donee organisations to track how that money is being spent. The ability to track grants in a single-entry way is the key reason why CCA developed this accounting workbook and offers a key advantage over many commercial software packages. In addition to tracking grants, the workbook also tracks your untagged funds.

Your organisation may not need to track grants, for example because it doesn't get any, or the grants are for a specific single purchase rather than ongoing expense items. Use of the grant tracking function of our workbook is entirely optional and you can choose to ignore the green section of the Transaction sheet as well as the Funders sheet.

If you do want to use the grant tracking functionality, please note the following:

- Every transaction, in or out, **MUST** be allocated to a grant or to Membership Funds in the green section of the Transactions Sheet, with the only exception being transfers between two accounts.
- If you receive a **grant from a new funder**, do the following:

- Create an income account for that funder in the 'Grants/Accounts' section in the Accounts sheet (#521 in this example). Enter True or False for GST.

93				
94	511	Membership	Income	TRUE
95	512	Donations	Income	FALSE
96	513		Income	
97	514		Income	
98	515		Income	
99	516		Income	
100	517		Income	
101	518		Income	
102	519		Income	
103		Grants/Contracts	Income	FALSE
104		21 New Funder Unlimited	Income	
105	523		Income	
106	524		Income	
107	525		Income	
108	526		Income	
109	527		Income	
110	528		Income	
111	529		Income	
112	530		Income	
113	531		Income	
114		Interest	Income	
115	541	Interest	Income	FALSE
116			Income	

- Add the funder in column A in the Funders sheet. **Do not enter the amount you received in column B!**

Funder Name	Funds at Start of Year	Column M	Column O	Current Grant Balance
Membership Funds	\$ 16,212.45	\$ -	\$ -	16,212.45
New Funder Unlimited		\$ -	\$ -	-
		\$ -	\$ -	-
		\$ -	\$ -	-

- Enter the details of the funds received in the Transactions sheet, code to the new account (521 in this example) and allocate to the new funder in the green section.

The Funders sheet gives you the current balance of how much funds you have left in each grant you have received.

Splitting income or expenditure over two or more grants

You can split any transaction item across two grants in the same line.

Let's assume as an example that you are paying \$200 in rent, half of which comes out of a 'Goodguys' grant and the other half out of a 'Charity4All' grant.

As soon as you enter the -\$200 in the Transaction sheet, the 'Amount 1' column in the green section changes to '-\$200'. **Overwrite this to '-\$100'!** The 'Amount 2' column will automatically change to the balance amount, -\$100. Now allocate each amount by finding 'Goodguys' and 'Charity4All' in the respective drop-down lists.

If you have to split a transaction over more than two grants you will need to add another line.

Allocating small balances

As you spend grants you are inevitably left with small balance amounts. The easiest way to fully spend your grant is by splitting an amount as described above, and allocate exactly the balance amount to that grant.

5. Entering income and expenditure

For the [purchase](#) and [disposal](#) of fixed assets (computers, cars, furniture etc) refer to the next sections.

Many small organisations will enter transactions in a way that exactly mirrors their bank account. In fact, you may be able to export your transactions from your internet banking facility in a CSV format, and copy-and-paste the columns into the Transactions spreadsheet.

Best practice, however, is the following procedure:

- Enter the transaction as you pay the invoice (or as you receive the remittance advice). You may want to assign a reference number and enter this in the 'ref' field. Also write it on the invoice.
- Enter any automatic payments or direct debits for the week or month.
- When you receive a bank statement, reconcile your entries with the statement. You will need to make some more entries (bank fees, for example), but there should be no surprises. Any undocumented transactions should be followed up as soon as possible.

This procedure lets you spot un-presented cheques, for example, which you would otherwise have to track separately.

Recording a transaction in the Transaction sheet:

[Date]: enter date of transaction. The spreadsheet will not let you make entries not in the current financial year, so make sure you've got the year right!

[Details]: enter who was paid, who you received the money from, or any other information that will make sense to an independent person.

[Ref]: enter cheque or invoice number, 'DD', 'DC' or 'AP' for Direct Debit, Direct Credit or Automatic Payment, or your own reference number.

[Account #]: Enter the number of the account from the 'accounts' tab. For example if the expenditure is for 'Salaries', enter 411. The [Account Name] column will fill automatically.

[GST?]: This column fills automatically with True or False. Verify that this is correct for the income or expense you are entering. If it isn't *overwrite* the field with False or True.

[Amount inc GST]: Enter the amount of the transaction, *negative if it is an expense*. [GST] and [Amount ex GST] will fill automatically. In GST-exclusive workbooks there is only one column called [Amount].

[Banked?]: Use this column when you reconcile the Transactions sheet with a bank statement (see below).

[Grant 1]: Allocate the transaction to a grant from the drop-down list. For [splitting a transaction](#) refer to Section 4.

Transfers between bank accounts

If you are transferring funds from one bank account to another (or from a bank account to Petty Cash), you need two lines to enter this: one to record the money going out from one account, another to record it coming into the other:



The screenshot shows an Excel spreadsheet with the following data:

Ref	Account #	Account Name	Amount	Banked	C (heque) Accou	P1 (Project 1)	P2 (Project 2)	S (avings) Accou
	164	Savings Account	-\$ 10,000.00	c	\$ 12,458.00			\$ 1,000.00
	161	Cheque Account	\$ 10,000.00	s	\$ 2,458.00	\$ -	\$ -	\$ 1,000.00
		#N/A			\$ 2,458.00	\$ -	\$ -	\$ 11,000.00
		#N/A			\$ 2,458.00	\$ -	\$ -	\$ 11,000.00

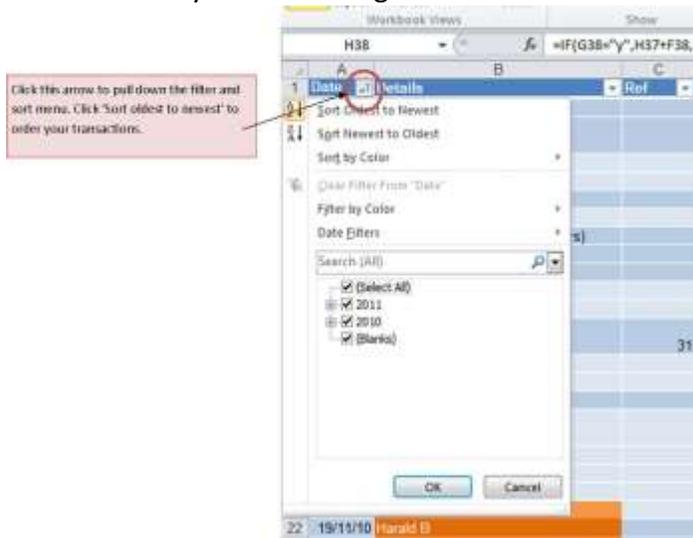
Travel Expenses (and other GST inconsistencies)

For most accounts the GST value you set in the Accounts sheet (True or False) will always be correct. However, if you do not have a Tax Invoice with a GST number on it for your expense, you will need to overwrite the GST value to 'False'.

Travel is one expense where GST should always be checked. You will probably set the GST value for your travel account to 'True'. This is correct for domestic air travel, bus or taxi fares, accommodation in a hotel and a range of other travel-related expenses. However, *international* air fares as well as mileage reimbursements for staff or volunteers do not have GST and you will need to overwrite the GST field to 'False' for these cases.

Sorting and searching the 'Transactions' sheet

Excel 2010 lets you sort and filter the Transactions table in many ways to find specific transactions you are looking for.



To sort by date, click on the arrow next to the 'Date' header. Pick the option you like (usually 'oldest to newest'. You can also search for specific dates or months here.

To filter other columns of the spreadsheet, click on the arrow next to the header you want to filter for. For example, if you want to see all the 'phone' transactions you have made so far, click the arrow next to 'Account #'. In the list of codes, uncheck 'Select All' and then check the account code for Phone.

The spreadsheet will then only show the phone transactions and give you a total amount for all of them.

To show the whole spreadsheet again, click the arrow next to the filtered column (it has a filter symbol now) and check 'Select All'.

The sorting function is also useful for grant accountability. Just sort for a specific grant, and within this you can further sort for 'wages' etc if necessary.

For more information on sorting and filtering Excel tables, refer to the Microsoft web site: <http://office.microsoft.com/en-us/excel-help/CH010369011.aspx>

6. Acquiring a new fixed asset.

A 'fixed asset' (or non-current asset as accountants like to call them) is an item you expect ongoing use from. Most commonly these are computers, printers or office furniture but also tools, vehicles or trailers, buildings and even software.

It is good practice for non-profits to record every fixed asset, regardless of value. If you are exempt from Income Tax, IRD's thresholds (currently \$500) and depreciation tables do not apply to you.

Recording the purchase of a new asset

- Make an account for the asset in the Account sheet under the relevant section.
- Record the transaction in the Transaction sheet as normal.
- Enter the date of purchase in the relevant line in the 'Asset' sheet

You do not need to do anything else for now.

Recording a donated asset

If you have had an asset donated to you, such as a vehicle, you need to find out its market value. Often this can be achieved simply by looking the item up on Trade Me and make a note of what similar items are offered for.

Follow these steps:

- Make an account for the asset in the Accounts sheet under the relevant section.
- Record the market value as a transaction in the Transaction sheet as money going out (negative), code to the asset account you created, and allocate to 'Membership Funds' in the grants section.
- In **another line**, record the market value as a transaction as money coming in, **code to your Donations account** (default: 512) and allocate to 'Membership Funds'.
- Enter the date you have started using the asset under 'Purchase Date' in the relevant line in the 'Assets' sheet.

	A	B	C	D	E	F	G
1	Date	Details	Ref	Account #	Account Name	Amount	Banked
2	01/07/12	Opening Balances					
3	15/09/12	Donated Heat Pump		131	Mitsubishi Heat Pump	-\$ 3,200.00	
4	15/09/12	Donated Heat Pump		512	Donations	\$ 3,200.00	
5					#N/A		
6					#N/A		
7					#N/A		
8					#N/A		

Deciding on Depreciation

Depreciation is the value an asset loses over time. IRD have depreciation tables and calculators on their web site which you can use.

However the 'correct' way according to international financial reporting standards is to estimate the useful life of your asset and spread depreciation over that lifetime.

For example if you bought a new Boardroom table and you expect to get 20 years use out of it, the depreciation rate would be 100% divided by 20 years = 5% per year. Computers usually last about three years or so (33%).

There are two methods to depreciate an asset: Straight Line (SL) and Diminishing Value (DV). SL depreciated the asset by the same amount each year. For example if that Boardroom table has cost \$1,000 its depreciation would be \$50 each year.

DV acknowledges that assets depreciate most in their first few years, and DV depreciation rates are generally higher. If you had bought a computer for \$1,000 and depreciated at 33% DV, it would lose \$333 in the first year. In the second year it would lose 33% of the already diminished value of \$667, so \$220. Another benefit of using the DV method is that your asset will always retain a book value and never be completely 'written off', which is realistic as long as you are using it.

If you have several similar assets (for example two cellphones), you *cannot* depreciate them at different rates or by different methods from each other. You must be consistent.

Once you have decided on a depreciation method and rate, enter them in the relevant line in the Assets sheet.

Note: *As yet the Assets spreadsheet does not automatically calculate depreciation for assets acquired during the year ('Additions'). This is because depreciation can be claimed only for the proportion of the year that the asset has been in use.*

7. Disposal of a Fixed Asset

Money you receive from selling an asset is not income, in the same way that purchasing an asset is not an expense. Only the difference between the asset's book value and what you got for it is. The accounts for this are usually called 'Gain on Sale of Asset/Recovered Depreciation' or 'Loss on Sale of Asset'. If you dispose of the asset altogether, the entire book value of the asset is your Loss, and is an expense in the current financial year. The same applies if that asset was stolen or otherwise lost.

If you want you can record the sale of the asset as a simple transaction and let your accountant deal with it at the end of the year.

Otherwise follow these steps:

- Make sure not to record depreciation for the asset in the current year (columns G and H should be empty for this asset in the Assets sheet).
- Work out the difference between the asset's book value (Column J in the Assets sheet) plus GST and what you received for it.
- If not already created, create a 'Gain on Sale of Asset' or a 'Loss on Sale of Asset' account.
- In the Transaction sheet record the book value plus GST, code it to the asset you are selling and allocate to Membership funds.
- In another line record the difference between what you received for it and the book value, and code it to the 'Gain' or 'Loss' account. Allocate to Membership funds in the Grants section.

Example

You have sold an office desk you were no longer using for \$200. The book value of the desk was \$80.

The desk's book value plus GST is: $\$80 + 15\% = \mathbf{\$92}$

The difference between sale price and book value is $\$200 - \$92 = \mathbf{\$108}$.

You would enter it into the Transaction Sheet as below:

Date	Details	Ref	Account #	Account Name	GST?	Amount inc GST	GST	Amount ex GST	Bank
01/07/12	Opening Balances								
15/10/12	Sale of Desk		131	Desk	TRUE	\$ 92.00	\$ 12.00	\$ 80.00	
15/10/12	Sale of Desk		519	Gain on Asset Sale	TRUE	\$ 108.00	\$ 14.09	\$ 93.91	
				#N/A	#N/A		#N/A	#N/A	

Your Asset Register will automatically be updated to look like this (note that the 'Book Value' column J is showing 0):

Asset	Purchase Date	Cost	Book value Start of Year	Additions	Disposals	Depreciation Method	Rate	Amount	Book Value End of Year
Buildings		\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Electronics		\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
Furniture and Fittings		\$ 412.00	\$ 92.00	\$ -	\$ 92.00			\$ -	\$ -
Desk	15/06/2008	\$ 412.00	\$ 92.00	\$ -	\$ 92.00			\$ -	\$ -

8. Reconciling Bank Statements

It is essential that the Transaction sheet is reconciled with Bank Statements regularly. This is your main check that your record keeping is accurate.

If there are any accounts for which you do not receive statements in the mail, make sure you print out a transaction list through your internet banking facility regularly and reconcile this with your cashbook.

Follow these steps:

Note: Spreadsheets with only one bank account use the letter 'y', not 'c'

- a. First check that the bank balance of the Transaction sheet (**always** at the bottom of the sheet) *before* reconciliation is identical with the Opening Balance of the bank statement that you want to reconcile. If it isn't see below for 'troubleshooting'.
- b. Go down the bank statement line by line. For every transaction check whether it has been entered in the transaction spreadsheet and tick the transaction on your statement.
- c. If it has been entered, enter 'c' (or p1,p2,s) in the 'Banked?' column. The cheque (project 1, project 2, savings) account column will adjust accordingly.
- d. If a transaction hasn't been entered, enter it now, put 'c' (p1,p2,s) in the 'Banked?' column and tick the transaction on the bank statement. Make sure you have a receipt where appropriate.
- e. When you have checked each line on the Statement, the bank balance on the spreadsheet (bottommost row) must be identical with the closing balance on the Bank Statement. Write 'reconciled' on the bank statement.

Troubleshooting:

If the bank balance on the Transaction sheet does not match the balance on the Bank Statement you have a problem.

- First check for any obvious mistakes: most commonly, an expense has not been entered as a *negative* figure.
- Calculate the difference between the bank statement and the spreadsheet balance. Is the amount familiar? Can you match it with any specific transaction? You may simply have omitted to put a 'c' in the banking column, or haven't entered the transaction.
- If this fails, you have to delete all 'c's in the banking column for the period covered by your bank statement and do it again. If the *opening* balance on the bank statement doesn't match the balance on your spreadsheet after this, you will have to go back another period and compare the result with the previous Statement. You will have to go back as many periods as it takes, until it matches.

Unbanked items

After you reconciled the bank statement, any rows without a 'c' (p1,p2,s) in the banking column will be unpresented cheques, deposits you haven't made yet – or entries that have been doubled up.

Keep in mind that, even though a cheque may not have been presented yet, the expense is already recorded on the 'Accounts' sheet. This gives you a better indication than the bank statement of where you stand financially.

You may want to sort the *Banked?* column for {Blanks} to find those transactions.

Unbanked items are also summed up in your Balance Sheet. Click on the *Balance Sheet* tab, and check the *cashbook* column (column D) for entries next to *Accounts Payable/Unbanked Expenses* and *Accounts Receivable/Unbanked Income*. These are your total unreconciled amounts.

9. Petty Cash

For an accountant, petty cash is no different to a bank account. The only difference is that in one case the money is held by your bank, whereas in the other it is located in a cash box somewhere on your premises.

You can track Petty Cash in the Transactions sheet by **assigning it to one of the project accounts** (p1 or p2).

Taking money out of your bank account to put into Petty Cash is a [transfer](#) and needs to be recorded as in section 5.

Expenditure from Petty Cash needs to be entered into the spreadsheet. This can be done as a summary, for example one line for all purchases of milk, coffee or other staff amenities, another for stationery purchases etc.

Then reconcile the cash left in your petty cash box with the balance showing in your spreadsheet.

10. Reporting

Our workbook has various tools for financial reporting to a board, committee or funder. The data can either be printed out from the workbook directly, or copied into your own report format.

- **Income Statement:** This sheet shows your income and expenditure for the year to date without capital items.
- **Balance Sheet:** This sheet is your draft Statement of Financial Position and shows your current bank and other cash balances, money you owe and the equity (accumulated funds) in your organisation.
- **Account summaries:** Monthly account summaries are displayed in the Accounts sheet. It is good practice in a financial report to show account totals for the month you are reporting on, account totals for the previous month, and account totals for the year to date.
- **Funders summary:** The Funders sheet shows the balances left in each grant account (if this feature is used) and how much of the organisation's cash is untagged (Membership Funds).
- **Grant summaries:** The Transaction sheet can be sorted by funder to get all the transactions allocated to a particular grant. These can be sorted again by date, account or amount. Handy for accountability reports.

11. Getting ready for audit

End of year adjustments can be made in the Journal sheet. This includes depreciation. If you have entered depreciation rates into the Assets sheet, the workbook automatically calculates and records depreciation for you for any pre-existing assets. For assets purchased during the year this will need to be done manually. Adjustments also include any liabilities arising from unspent grants.

Adjustments require some accounting knowledge and it is beyond the scope of this manual to explain these. CCA can help you with those adjustments if you are uncomfortable doing them yourself.

Your auditor will require a number of supporting documents and will tell you exactly what they require. From the accounting workbook they will need:

- A complete printout of the **Transactions** sheet (this is your 'Bank Ledger')
- A printout of columns A-I [A-F for non-GST versions] of the Transactions Sheet **sorted by account codes** ('General Ledger').
- A printout of the **Journal** sheet, if any entries have been made here.

- A complete printout of the **Assets** sheet.
- Your Financial Statements need to match the Income Statement sheet and Balance Sheet sheet, otherwise your audit will get very expensive...

They may also ask for the workbook as a whole.

If your audit is with CCA we will need these documents:

- Your Financial Statements (Income Statement, Statement of Financial Position and preferably Notes with accounting policies).
- An electronic copy of the CCA accounting workbook – no printouts are needed.
- A copy of your rules/constitution/deed if not previously supplied.
- All source documents for both income and expenditure (receipts, invoices, PAYE returns, rental agreements, funding letters, government contracts, bank statements etc), preferably sorted by date.
- If you can, read-only access to your internet banking facility.