Account numbers 20 to 49 relate to profit and loss accounts. This section is meant to cover all the different kinds of expenses that the business has to meet. The trader will want to create account headings such as: rent, salaries, rates, electricity, bank charges, bank interest, stationery, advertising, and telephone.

Account numbers 50 to 79 relate to balance sheet accounts. These show the overall financial state of the business at any given time. Balance sheet account headings will include, for example, the fixed assets account (showing the value of all the assets owned by the business), the current bank account (or accounts, if there is more than one), the VAT account, and the creditor control account (showing how much is owed to all the business's suppliers).

In a manual book-keeping system, the trader has to write up the sales and purchase daybooks, showing the summary total of all the takings and purchases for the day or the week. The Cash Trader menu for posting values to the nominal ledger is almost self-explanatory:

1. Daily Takings
2. Payments in Cash
3. Payments from Current Bank A/C
4. Journals

Option 1, Daily Takings, is designed to record a week's takings. It asks the user to select a day (numbered 1 to 7) and then to input a summary total for that day's takings. The only differentiation in sales is that the user can flag a total as a 'special item'.

This recognises the fact that not all income comes from ordinary sales. If a garden shop sells its van, that is a special sale and lumping that cash in with the day's takings will produce a distorted sales figure. Cash Trader, rather surprisingly for so simple a program, has the necessary facilities for identifying 'special item' sales. But that is the only analysis or breakdown of the total daily sales that the program allows. The user can choose whether the amount should be posted to one of three nominal accounts: the bank account, cash account or credit card suspense account.

On the payments side (the equivalent of the purchase ledger daybook) the system allows the user to pay from either the cash account or the bank account. A three-digit reference code identifies each payment transaction. And it allows a 16-character narrative description of the reason for each transaction (usually the supplier's name). It also calculates any necessary VAT on payments and posts the amount to the VAT control account.

Anyone using Microledger or Accountant will have to set up a similar sort of structure. A major difference though is that with these two systems there is no pre-defined order to the accounts. With Accountant, for example, the user is given an eight-digit code structure and can allocate whatever numbers are required to any account. Microledger has a three-digit code structure, but the same free format principle applies.

Compact's Accountant program is also based around a nominal ledger — though a much more sophisticated one, capable of dealing with many more account headings. It also has a comprehensive analysis facility. But it forces the user to summarise data entries to a certain extent, in comparison with a full sales and purchase ledger system.

With a full sales ledger and purchase ledger program the user is able to keep a master file of customers and suppliers respectively. This file will include full details of the customer or supplier account and it will also keep a full record of all outstanding transactions with that customer or supplier. The user will be able to call up the account on the screen and be supplied with a full listing of all the invoices posted to that account and all the receipts or payments made to that account.

Accountant does not attempt to provide this. Instead, like Cash Trader, it takes the daybook approach. Being a disk-based system though, with considerably more memory space at its disposal, it does not need to have its information input in such a condensed form.

Instead of inputting just one total sales figure for each day of the week, the user can put through as many entries as necessary. The system recognises five different types of transactions: invoices, credit notes, cash receipts, cash sales and miscellaneous receipts. Each entry can be described with up to 16 characters, given a unique reference number, and analysed to any number of nominal ledger accounts (rather than the simple choice of three offered by Cash Trader).

The purchase daybook can deal with credit or cash purchases and miscellaneous purchases. It also has a detailed VAT reporting facility that keeps track of all the trader's input VAT.

Microledger, in contrast to both these systems, runs a full sales and purchase ledger. The user can create up to 999 separate sales and purchase ledger accounts. Each account will record the customer's name and up to five address lines. The account automatically maintains a cumulative balance and a list of all outstanding transactions.

The major difference between Microledger and the previous two packages described is that it contains a great deal of information about the amount of business done with each customer and supplier. Cash Trader condenses that information into one or two summary totals. Accountant can process individual transactions with customers or suppliers, but the user will need to keep a manual sales or purchase ledger in order to see easily what each customer or supplier balance is.

In the next instalment of this series we will continue our comparison of these three packages, looking at the ways they handle the input of values into nominal account headings. We will also consider the reporting routines that enable the user to see the data in these headings.

Keeping Tabs
Arthur is doing his accounts for the week. He has sold three cases of Glen Kyushu whisky for cash, and 10 cases by credit card; he has received a cheque for £500 for services rendered, and has sold the Rolls Royce for cash. His payments for the week have been cash for more whisky cash to Terry, his sole employee, and a cheque for a new car

Typical Transaction Entry
All takings are entered this way, and are marked as GOODS or SPECIAL depending on the nature of the sale, and CASH, BANK or CREDIT CARD depending on how the customer paid

Typical Payments Entry
All payments are entered in the same way, showing CASH or BANK, description, VAT rate, and code number of the ledger account to be debited

Reports
These summaries are generated automatically at the end of a PAYMENTS or TAKINGS entry run

Nominal Ledger
This comprises up to 79 nominal accounts entitled: TAKINGS, STOCK, SALARIES, RENTS, BANK CHARGES, FIXED ASSETS, CASH, etc. These are grouped for balance purposes into the TRADING account, PROFIT and LOSS account, and BALANCE SHEET

Reports
A variety of reports is possible: the state of the CASH account and BANK account and a TRIAL BALANCE are what most traders would want to see after entering a week's, or a day's trading. FINAL account and VAT report would probably be required only every quarter