

Accounting System

The company's accounting system is divided into:

- 1 -The documentary cycle
- 2 -The book cycle

First: The documentary cycle aims to:

- 1 -Achieving internal control of operations and control over operating elements.
- 2 -Facilitating the procedures for executing operations.
- 3 -Flow of documents easily and quickly.
- 4 -Providing the necessary data for the operations of registering in the books, analyzing the data, and preparing the books, lists, and financial summaries.

In order for the documentary cycle to achieve their goals, they must be comprehensive for all the company's operations and its activities that have a financial impact, and these documents are as follows.

- 1 -The documentary cycle of receivable:
 - 2 -Cash receivable
 - 3 -Checks receivable.
 - 4 -The documentary cycle of payments.
 - 5 -Cash payments.
 - 6 -Payments by check.
 - 7 -The documentary cycle of the permanent custody.
 - 8 -The documentary cycle of wages and salaries.
 - 9- The documentary purchasing cycle.
 - 10 -Documentary cycle for warehouses
 - 11 -- The documentary cycle for types of materials used in the activity and the division of stores.
 - 12 The documentary cycle for adding purchases to stores.
 - 13 The documentary cycle for exchange from warehouses.
 - 14 -The documentary cycle for the inward to warehouses.
 - 15 -Documentary cycle of sales.

The items to be included in the document

- 1 -The document must contain the name and address of the company that issued it
- 2 -The date the document was released
- 3 -Financial value and purpose of editing this document
- 4 -Beneficiary of editing this document
- 5 -Signatures for Who has the right to sign the document

Regulating the use and circulation of document forms:

Keep books and publications in a safe place and act under the direction of the financial manager according to a record (book) prepared for this purpose, in which the name of the receipts, the sequence number (from - to) and the name of the receiving employee and his signature

At the end of the book of receipts, it is handed over again to the financial manager to be directed to deliver it to the archive according to a specific archive.

Second: the book cycle

The book cycle aims to reach the final results that are achieved by the company, and they are divided into:

1 - Basic books (for example)

A- The American journal (in which we start recording from the reality of the documents after the document is analyzed into a debit and credit accounting entry, and such entries include the following:

Recording the company's capital

From account / treasury or bank

To account / capital

Recording the purchases

from acc / purchasing

To acc / bank, treasury, suppliers, or payment paper

Receipt of purchase returns

From acc / the bank, the treasury, the suppliers, or the payment paper

To acc / purchase returns

Entry of the payment to the supplier or payment paper

From acc / supplier or payment paper

To acc / bank or fund

Recording the Sales

From acc / the bank, the treasury, the customers, or the receivable paper
to acc / sales

Sales returns

From acc/ sales returns

To acc / the bank, the fund, the customers, or the receivable papers

Entry of collection from clients or collection of receivable papers

From acc/ bank or the treasury

To acc / clients or the receivable paper

Buying assets

From acc / fixed assets

To acc/ the fund, the bank, or the suppliers of assets or payment papers

Paying the value of the asset to the suppliers of the assets or payment papers

From acc / suppliers of assets or payment papers

To the acc / the treasury or the bank

Paying any expenses (example, rent - wages and salaries - water and electricity - telephone - stationery - social security ... etc.)

From acc / expenses

To acc / the treasury or the bank

The American journal is as follows in order to register the above entries (as an example)

Description	Capital		Purchases		Sales		Expenses	
	debit	credit	debit	credit	debit	credit	debit	credit
Total								

At the end of each month, the total entry is made that is extracted from the American journal to be as follows (as an example) and transferred to the general ledger (the right page of it proves the debit values and the left page shows the credit values), and this entry is also proven in the general journal approved by the state

From debit accounts

- acc / purchasing
- acc / sales returns
- acc / assets
- acc / expenses
- acc / bank
- acc / treasury
- acc /customers

From credit accounts

- acc / capital
- acc /sales
- acc / purchases returns
- acc / bank
- acc / treasury
- acc /suppliers

The following is a page from the general ledger pages (as an example)

Treasury Page			
debit		credit	
January 2022	xxx	January 2022	xxx

Later, a trial balance is prepared, which is as follows (as an example)

Trial balance for the period from // 20 to // 20

Description	credit	debit
Capital	Xxx	----
Purchasing	----	Xxx
Sales	Xxx	----
Expenses	----	Xxx
Treasury	Xxx	Xxx
Bank	xxx	xxx
Total	xxx	xxx

Then he prepares the income statement, which is as follows:

sales value	xxx
(-)Purchases	<u>xxx</u>
gross profit	xxx
(-)Expense	<u>xxx</u>
net profit	xxx

Then the balance sheet is prepared, which is as follows:

The liabilities side	The assets side
Capital xxx	Treasury xxx
Suppliers xxx	Bank xxx
Payment papers xxx	Clients xxx
	Receivable papers xxx
	Fixed assets xxx
The total must equal the total assets side	The total must equal the total liabilities side

2 -Analytical books (for example, a book in which the assets of the company are recorded, and another ledger in which the analysis of expenses is proven) and the following is an

example of an expense analysis book for the month // 20

description	Rent	Salaries	Water and Electricity	Stationery	Telephone	Social Insurance
	xxx	xxx	xxx	Xxx xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx	xxx