



# Bookkeeper's Diary – My First Bookkeeping Job.

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## Introduction.

So, it was hard work but I finally completed my Accounting Technician Diploma at Pitman Training in London's Notting Hill.

I'm now a fully qualified bookkeeper!

But maybe best of all is the fact that I've already got a job as the bookkeeper at a small van hire firm starting next week. The boss, Steve seems really nice, but I'm pretty nervous about the new job.

After all, up till now I've been working in a department store, so this is a big change and a lot of responsibility!

## 1<sup>st</sup> October.

Did I mention I was nervous? I'm shaking!

Anyway, Steve, my new boss seems nice. Apparently his wife used to do the books but as the business grew (it's now 12 people), it became too much for her and things were getting out of control.

The first thing Steve wanted me to do was to order stationery and some vehicle spares from a number of different suppliers.

I was a bit surprised that they didn't have a purchase ordering system.

Luckily, my Pitman Training meant I could implement one immediately on Excel.

I created a form called a purchase order requisition. It's really just an order form that we can send to suppliers. Each form we send out will have a purchase order number so that we can match up all the documents related to the order.

It seems that previously, there was no control over what was being ordered. If they needed anything, one of the staff would just phone the supplier and the goods would turn up.

So nobody knew whether they were being short delivered. And if there were any mistakes or damaged goods, no-one did anything about it. Steve must have lost a fortune and I was really pleased to be able to sort that out from day one.

So much for purchase ledger!

After organising the ordering (I hope Steve didn't think I was too slow but it needed to be done properly), I noticed that there was no control over the petty cash tin.

I spotted this when one of the lads just came and took a handful of money to go and buy tea and milk.

I got Steve to give me a float of £50 and I organised a system of petty cash vouchers so we could keep everything straight.

During the day, I took phone calls from a number of customers wanting to know how much they owed and challenging some of the invoices. I also fended off a number of suppliers who wanted paying.

I had to use stalling tactics with both customers and suppliers as I didn't have enough background yet to help. I needed to have a meeting with Steve to find out what to do but he was so busy that I couldn't pin him down.

Still, I think it was a good first day and I believe I delivered some real value to the business.

My nerves have calmed down a bit too!

2<sup>nd</sup> October.

I got in early so that I could get hold of Steve and he told me how to go about sorting out the customers and when to pay the suppliers.

The first thing I did today, was to contact one of our biggest corporate customers who claimed to have been overcharged on a number of invoices.

I needed to think like a detective because our firm's records weren't complete.

The customer claimed that on 5 invoices, they'd been charged for a category C car when they had actually had category B vehicles.

I had to dig out the invoices and the signed rental agreements and match them with the dispatch notes.

The customer was right on 4 of the 5 invoices but one of them was correct.

I faxed the documents to the customer and agreed on the phone that I would arrange a credit note for the incorrect invoices. I don't know if I should have done it but I also asked them when we could expect to be paid!

I did all this using a mixture of Sage Line 50 and lots of filed paperwork!

It's part of my job to get money in as well as paying it out and I'm a bit lacking in confidence about this part of the job. At least I've had the training to know what to do. I just have to beef up my self-confidence about chasing money. This is all part of managing the sales ledger.

I think I shocked Steve because a company phoned to ask if they could open an account with us.

Normally Steve would have just said "yes" and taken them on, but I suggested we should be a bit more careful than that. After all, what good is a customer if they can't afford to pay you?

So when this company phoned, I asked them for their company registration, bank details and two references from other suppliers. I checked their credit-worthiness online and they're not the strongest company in the world but I reckon they're OK for a credit limit of £2000.00 per month.

I agreed with Steve that from now on, I can accept customers up to a £2000.00 credit limit but if they need more than that, I have to check with him.

I set them up as a customer on Sage and they're taking their first vehicle tomorrow.

Coming back to the point about having to bring money in as well as paying it out, Steve has always kept an idea of cash flow in his head. He admitted that sometimes suppliers

would be screaming at him for money and he wouldn't have enough to pay them as he hadn't been paid by his customers.

This set alarm bells ringing in my head. I don't need that kind of stress, so I agreed with Steve that tomorrow, I would set up an Excel spreadsheet to monitor cash flow – money in and out.

During the course of the day, some of the goods I ordered yesterday arrived and I felt proud when I gave the lads a copy of my purchase order requisition to check off the goods when they unpacked them.

The stationery order was a bit strange.

We received 2 items we hadn't ordered and 2 items we had ordered were missing.

The delivery note didn't mention any of these, so I called the supplier and they agreed to send us a credit note for the missing items. They tried to get me to keep the unordered items but I said we didn't want them and asked them to collect them.

I put all of this into Sage.

My second day ended and I felt exhausted!

3<sup>rd</sup> October.

As agreed with Steve, I wanted to work on a cash flow forecast today and it took me most of the day to get a fairly rough document produced.

The problem was that the firm's records were poor so I'm not sure I had all the facts to deal with.

I created an Excel spreadsheet and tried to identify what monies would be coming and going out on a weekly basis for the next 12 weeks.

I started by looking at the bank statements and trying to match the big outgoings to whatever paperwork I could find. That enabled me to identify some of the big, regular costs, such as rent, wages, marketing etc.

The smaller, more ad hoc items such as stationery were more difficult but I took some averages and used them as my starting point.

By about 3:00 o'clock, I had a reasonable picture of where we were - and it wasn't good!

It turned out that no-one had been chasing customers for payment since Steve's wife had given up doing the books and we were owed a lot of money by two big customers.

Steve's a bit of a charmer so he has always been able to rob Peter to pay Paul, but I'm a professional and I wanted things done properly.

My cash flow forecast showed that we wouldn't have enough cash to pay the wages at the end of the month unless we got a grip on the money we were owed.

I spoke to Steve and volunteered to call the customers to ask for payment.

The customers were really nice about it and agreed to send cheques out immediately.

I think I may have saved the day!

#### 4<sup>th</sup> October.

Yesterday when I was building the cash flow forecast, I noticed that no-one had done a bank reconciliation.

I opened Sage and began to carry out this all important task.

I had to go back a long way and I was surprised at how many anomalies I found. I tried calling the bank but they would only speak to Steve and he didn't understand what he was talking about so we had to write to them to give permission for them to speak to me.

That took all day and I felt a bit frustrated as I didn't feel I'd made any progress.

Also, it was such an involved process that I didn't take any calls and when I listened to my voicemail, there were a number of problems to be resolved with customers and suppliers.

And the other thing that really bothered me was that the customers who had promised to send us cheques yesterday hadn't done so.

#### 5<sup>th</sup> October.

Friday at last and the end of my first week as a bookkeeper!

I woke up feeling a bit anxious as I knew I had to respond to those voicemails.

The post arrived at around 10:00 and I was delighted to see that one of the big customers I had spoken to earlier in the week had indeed sent us a cheque. Success!

That gave me the confidence to call the other big customer to ask where their cheque was. Apparently their director hadn't been in the office when I spoke to them but he had signed it yesterday and we should receive it on Saturday. I'm tempted to go in tomorrow to check for the cheque (only joking).

The first supplier I called back gave me quite a severe telling off and told me our account had been put on stop as we were so late in paying them.

I asked if I could call them back in an hour as I needed to see what we could do.

I called the other suppliers who had left voicemails for me and they all said pretty much the same thing.

I went to see Steve and as we had received quite a large cheque this morning and expected another one tomorrow, we felt we could afford to pay part of each suppliers' bills, just to keep them sweet.

I called each supplier and told them what we were going to do.

They were still pretty grumpy but at least they would receive some money.

I told Steve he should talk to the bank manager and get a bigger overdraft as the business had grown faster than the cash available to run it.

Next, I pulled an aged debtors list from Sage to identify what money was owing to us, by whom and when it was due. The information was incomplete but at least it gave me a starting point for writing to customers asking them to pay up.

I decided to create 3 letters. The first would be quite gentle and ask them to pay immediately. The second would be a bit tougher and the third would threaten legal action.

I merged the letters from Sage and also got Sage to print out statements for the customers.

I was pleased to get 29 letters in the post today.

At 6:00 o'clock the week was over and we all went to the pub.

8<sup>th</sup> October.

Went to work feeling motivated and confident.

The big cheque we had been promised had arrived along with a few smaller ones.

Then Steve dropped the bombshell. This company pays the wages on the 15<sup>th</sup> of the month!

I thought they paid everyone at the end of the month and I thought I had a couple of weeks to settle in before having to worry about it.

I have never done payroll before and now I was nervous again. Luckily I studied both manual and Sage payroll at Pitman Training but I think I'll need to revisit my workbooks to remind me of what to do.

Today I decided I would just gather all the information I would need to input into Sage Payroll.

It was a bit more complicated than I expected as some people were on an hourly rate, some were paid commission and one person was off on maternity leave.

Luckily, as long as you've been trained, Sage Payroll is fairly easy to use so I think I've got it right.

I decided to check with the staff and also with Steve to get a feel for whether I was calculating the pay correctly.

It seems OK but I'll wait till tomorrow to push the button and send the payment details to the bank.

9<sup>th</sup> October.

Another day, another bombshell!

Naively, I thought the accounts would have been up to date before I arrived, but thinking about it logically, not all the data would have been available.

So it's down to me! Steve says he wants a balance sheet and profit & loss account by 20<sup>th</sup> October.

I explained that while I was trained in this, I had never done it before in real life and I might need help. Steve said it was OK for me to call our external accountants as much as I need this first time but to bear in mind that they charge every time I contact them.

So in addition to dealing with customers, suppliers, the bank and running the payroll, I now have to prepare the management accounts!

No pressure!

I looked back at what had been done before and tried to use that as a template.

My first task was to create a preliminary trial balance where all the purchase ledgers, sales ledgers and nominal ledger would match each other. Some hope!

I worked for hours but everything seemed to be out of balance.

In the end, I decided to give my brain a rest and work on some of my more routine chores.

I would return to the trial balance tomorrow.

10<sup>th</sup> October.

I got in early, determined to find the anomalies that were ruining my trial balance. By 11:00 though, I had to call the accountants and email them quite a bit of data.

They helped me make some breakthroughs and eventually the numbers started to come into alignment.

I was a bit embarrassed at having to ask for help so I kept a low profile with Steve.

In truth, this part of the job, while critically important, is quite routine and I know I'll be able to do it more accurately next time. Part of the problem this time round was that I was using someone else's figures and I didn't have the background to know where to look for the anomalies.

Even though I had learned to create trial balances at Pitman Training and sort of knew what I was doing, there's no substitute for experience.

I wouldn't say that asking for help had damaged my confidence but it was a bit of an eye-opener to learn that I wasn't quite up to the task.

Still, once the trial balance was sorted out, I figured everything else should at least have the chance of falling into place.

I now turned my attention to pre-payments and accruals. At Pitman Training I had learned about these and I was surprised at how easily I was able to make Sage deal with these.

Pre-payments are things like phone line rental, which you pay for 3 months in advance.

Interestingly you don't put the whole 3 month's worth into the current month's accounts. Instead, you amortise them across three months ahead.

It's similar with accruals. Take the cost of phone calls for example. You normally take your forecast for these and put them into your accounts. But when the bill arrives, it's usually different from what you had previously put onto Sage, so you have to account for the differences.

It's a bit fiddly but I felt quite confident doing this part of the job.

I thought I was getting everything into place but I decided to sleep on what I'd done and revisit it the next day.

11<sup>th</sup> October.

Over the next 2-3 days, I intended to pull together everything I had done and produce a set of management accounts to present to Steve.

I called the external accountants and they agreed to have a quick look at the accounts before I presented them in case there were any glaring errors.

Again, there were quite a lot of "fiddly bits" and I had to call the accountants several times to work out what to do but gradually the accounts began to take shape.

12<sup>th</sup> October.

I was nearly ready to send the accounts over to the accountants for inspection when Steve came in with some extra invoices and credit notes which he had found at home.

This threw me out quite a bit and when I had put them all on Sage, I found that even I could see that something was wrong with the sales figure in the profit & loss.

Somehow, the figure on Sage didn't tally with the invoices raised, nor with the banking sheets.

I tried and tried to find the difference but once again I had to call the accountants, who found the problem within half an hour!

I must be costing Steve a fortune!

By the end of the day, I had a balance sheet and P&L ready to email to the accountants.

I was exhausted but it didn't stop me going to the pub with the guys after work to celebrate the end of another week!

15<sup>th</sup> October.

I was really on edge this morning as I knew the accountants would have looked at my work.

They finally called at about 12:00 and said that overall, they were pretty good. They asked me to make several adjustments and two of my errors were so basic I felt really embarrassed. I knew they'd report back to Steve about my level of competence and I hoped he wouldn't be disappointed in me.

What surprised me the most was that the business had made a loss during September and I was a bit shocked, but the accountants said that it was not unusual to lose money some months. I was hoping Steve would see it that way.

I took the opportunity to ask the accountants what I should present to Steve in addition to the balance sheet and the P&L and they suggested that I show him Sage reports detailing both the aged debtors and aged creditors along with a cash flow forecast.

I was very comfortable in creating all of these and could even use some of my Excel Expert training to help ask "what ifs" in my forecasts.

I needed a couple of hours to put all these pieces of information together and to rehearse what I would present to Steve.

16<sup>th</sup> October.

This was to be my big day!

I was scheduled to present the accounts to Steve at 11:00, so I knocked on his door and went in.

We started by looking at the P&L and Steve was both disappointed and a little alarmed to see that we had made a loss in September.

I explained that although sales had been good during the month, costs had been high. Poor cost control had been the result of not managing the finances.

Steve didn't really understand the balance sheet so I tried to convince him that it was quite strong. We looked back at previous months and the balance sheet showed that the underlying strength of the company was getting better.

We looked at the debtors and creditors in conjunction with the cash flow forecast and Steve said he had been impressed with how I had got a grip on those areas and begun to get cash coming in.

It was a strange meeting, with Steve seeming a bit flat and me feeling very optimistic about the future.

I guess that's because I could see the bigger financial picture and it was clear to me that I had made a significant difference to the finances even in the short time I had been there.

I'm really glad I made the investment in taking my Pitman Training Accounting Technician Diploma, because it meant that I was able to walk straight into my new career and carry out most of the functions with confidence.

Maybe best of all is the feeling that I've really achieved something. And of course, the money's better and the hours more convenient than when I was working in retail.

You could do the same as me and qualify for a real career.

To find out more, either visit [www.holborntesting.co.uk](http://www.holborntesting.co.uk) or call Pitman Training.

You can reach their Notting Hill centre on 020 7792 5214 or their High Holborn centre on 020 7025 4700.

Good luck!