

# Contents

<b>Chapter 1:</b>	<b>Accounting in Australia</b>	<b>5</b>
1.1	Accounting and its Environment	6
1.2	Users of Accounting Information	7
1.3	Regulation	8
1.4	Accounting Principles and Assumptions	15
1.5	Business Classifications	16
<b>Chapter 2:</b>	<b>Fundamentals of Accounting and GST</b>	<b>21</b>
2.1	Types of Accounting Systems	22
2.2	The Accounting Process	23
2.3	Definitions of Basic Accounting Terms	30
2.4	The Accounts List	36
2.5	GST Principles	39
2.6	Businesses not Registered for GST	44
2.7	Source Documents	44
2.8	Banking Receipts	51
<b>Chapter 3:</b>	<b>The Double Entry System</b>	<b>69</b>
3.1	The Accounting Process	70
3.2	How a Double Entry System Works	71
3.3	Rules of Double Entry	76
3.4	Cash Receipts and the Double Entry System	78
3.5	Cash Payments and the Double Entry System	83
3.6	Ledger Formats	88
3.7	Posting to the General Ledger	91
<b>Chapter 4:</b>	<b>Introduction to Xero and Cash Transactions</b>	<b>117</b>
	Getting Started with Xero	118
4.1	Introducing Computerised Accounting with Xero	126
4.2	Recording Cash Receipts in Xero	134
4.3	Recording Cash Payments in Xero	137
4.4	Xero and the Double Entry System	139
<b>Chapter 5:</b>	<b>Credit Transactions</b>	<b>145</b>
5.1	Credit Policy	146
5.2	Source Documents	147
5.3	Perpetual Inventory System	150
5.4	Accounting for Credit Purchases and Returns	151
5.5	Payables Subsidiary Ledger	154
5.6	Accounting for Services Provided on Credit	159
5.7	Accounting for Credit Sales and Returns	161
5.8	Receivables Subsidiary Ledger	163
5.9	Trial Balance	170
5.10	Comprehensive Manual Bookkeeping Example	173
5.11	Record Credit Transactions in Xero	180
<b>Chapter 6:</b>	<b>Supplier Transactions and Reconciliations</b>	<b>219</b>
6.1	Perform a Bank Reconciliation in Xero	220
6.2	Interest Charged by Suppliers	228
6.3	Discount Received	229
6.4	Printing Interim Reports in Xero	230
<b>Chapter 7:</b>	<b>Special Transactions</b>	<b>235</b>
7.1	Commencement of Business	236
7.2	Purchase of an Existing Business	239
7.3	Introduction of Additional Capital	245
7.4	Drawings by the Owner	246
7.5	Purchase of Non-Current Assets	249
7.6	Correction of Errors	251
<b>Chapter 8:</b>	<b>Interim Reports</b>	<b>263</b>
8.1	Basic Financial Reports	264
8.2	What is Profit?	266
8.3	Income Statements for Service Businesses	267
8.4	Income Statements for Retail Businesses	269
8.5	Features of the Periodic Inventory System	271
8.6	Gross Profit Calculation in the Periodic Inventory System	271
8.7	Balance Sheets	276