

Student Name : \_\_\_\_\_

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## 5 Bookkeeping cycle

### GETTING BACK TO BASICS

Let's review the basic bookkeeping cycle. No matter what type of organization you work in, there are six steps.

1. Gather **source documents** for all **transactions**. These include:
  - Purchase invoices
  - Payroll Master Files
  - Time cards
  - Credit card statements
2. Analyze the financial effect of every transaction. Typical transactions include:
  - Payroll
  - Sales
  - Purchases
3. Record financial effects in a journal. Then post them in the **accounting software**.
4. Perform **end-of-period procedures**:
  - Count inventory
  - Check for errors in classification
  - Adjust for errors
5. Prepare an **adjusted trial balance**.
6. Close the books at the end of every **fiscal year**.

### Get Ready!

1 Before you read the passage, talk about these questions.

- 1 What are the basic tasks in bookkeeping?
- 2 What are some of the documents that they use?

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### Reading

2 Read the entry on a bookkeeper's blog. Then, choose the correct answers.

- 1 What is the passage mainly about?
  - A end-of-period procedures
  - B minimizing financial effects
  - C steps in the bookkeeping cycle
  - D how to gather source documents
- 2 According to the passage, which is NOT a source document?
  - A credit card statement
  - B purchase invoice
  - C accounting software
  - D payroll master files
- 3 What is true according to the passage?
  - A Every organization follows a different bookkeeping cycle.
  - B Financial effects are recorded in two different places.
  - C Adjusted trial balances carry over to the next fiscal year.
  - D Accounting software creates most source documents.

### Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- 1 \_ source documents
  - 2 \_ transaction
  - 3 \_ credit card slip
  - 4 \_ purchase invoice
  - 5 \_ payroll master file
  - 6 \_ accounting software
- A a purchase, sale, or payment
  - B a receipt for a credit card purchase
  - C a file containing employee's salary information
  - D a document requesting payment for a purchase
  - E a computer program that organizes financial data
  - F documents from various financial transactions

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- 4 Fill in the blanks with the correct words and phrases from the word bank.

### Word BANK

time card    adjusted trial balance    fiscal year  
payroll    end-of-period procedures

- 1 Jack made a few errors while preparing the \_\_\_\_\_.
- 2 In Canada, the \_\_\_\_\_ goes from April to March.
- 3 Perform \_\_\_\_\_ before opening books for the new period.
- 4 \_\_\_\_\_ is one of the most predictable business expenses.
- 5 Tim didn't clock in, so his \_\_\_\_\_ is short eight hours.

- 5 Listen and read the bookkeeper's blog again. At which step are classification mistakes corrected?

### Listening

- 6 Listen to a conversation between a junior accountant and a senior accountant. Mark the following statements as true (T) or false (F).

- 1 \_\_\_ The man maintains the accounting software.
- 2 \_\_\_ The woman will not collect the source documents.
- 3 \_\_\_ The department managers supply source documents weekly.

- 7 Listen again and complete the conversation.

Accountant 1: Do you have a 1 \_\_\_\_\_, Mr. Smith?

Accountant 2: Certainly, Nancy. What can I help you with?

Accountant 1: One question - how do I collect the 2 \_\_\_\_\_?

Accountant 2: Actually, you don't collect them.

Accountant 1: Really? How do I 3 \_\_\_\_\_?

Accountant 2: The 4 \_\_\_\_\_ managers give them to you at the end of every month.

Accountant 1: Ah, I see. And then I just 5 \_\_\_\_\_ the data in the accounting software?

Accountant 2: That's right. 6 \_\_\_\_\_ the data from the source documents in the accounting software.

### Speaking

- 8 With a partner, act out the roles below based on Task 7. Then switch roles.

#### USE LANGUAGE SUCH AS:

*Do you have a moment?*

*How do I ...?*

*The ... give them to you at the end of ...*

**Student A:** You are a new accountant. Talk to Student B about:

- gathering documents
- recording data

**Student B:** You are a senior accountant. Answer Student A's questions.

### Writing

- 9 Use the conversation from Task 8 to fill out the accountant's notes.

### Duties/Frequency

Department managers

\_\_\_\_\_

Accountants:



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### 8. Speaking (Transcription)

[illegible]