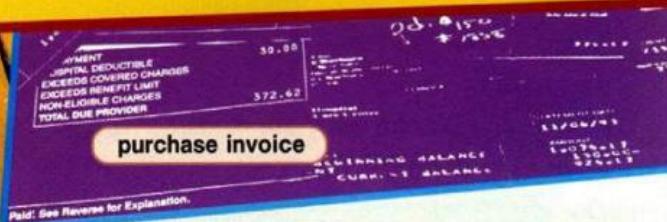


## 5

## 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?

### 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

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

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Accountants:

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