

Accounting Bellwork

3rd Hour: Choose an activity that you do every day, such as opening your lockers to store or remove items. Write, in order, at least five steps you follow when completing this activity.



Susan Rucker

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Bellwork

- We will be discussing the accounting cycle. Just like in your day to day activities, accountants follow a set of steps to make the accounting system work.

Plans for today.

- Begin Ch6

Introduction to Ch6

☛☉ Turn to p120 in your Text Book

☛☉ Ben & Jerry's Inc.

Recording Transactions in a General Journal

Making Accounting Relevant

Some people keep journals to keep track of their daily activities.

What do you think a business journal is used for? What would be contained in that journal?

Section 1 The Accounting Cycle

What You'll Learn

- The first three steps in the accounting cycle.
- Why is it necessary to journalize transactions.
- The different kinds of source documents used in a business.
- The difference between a calendar year and a fiscal year.

Why It's Important

In the real world, businesses follow a similar accounting cycle, record transactions in a general journal, and operate within a predefined accounting period.

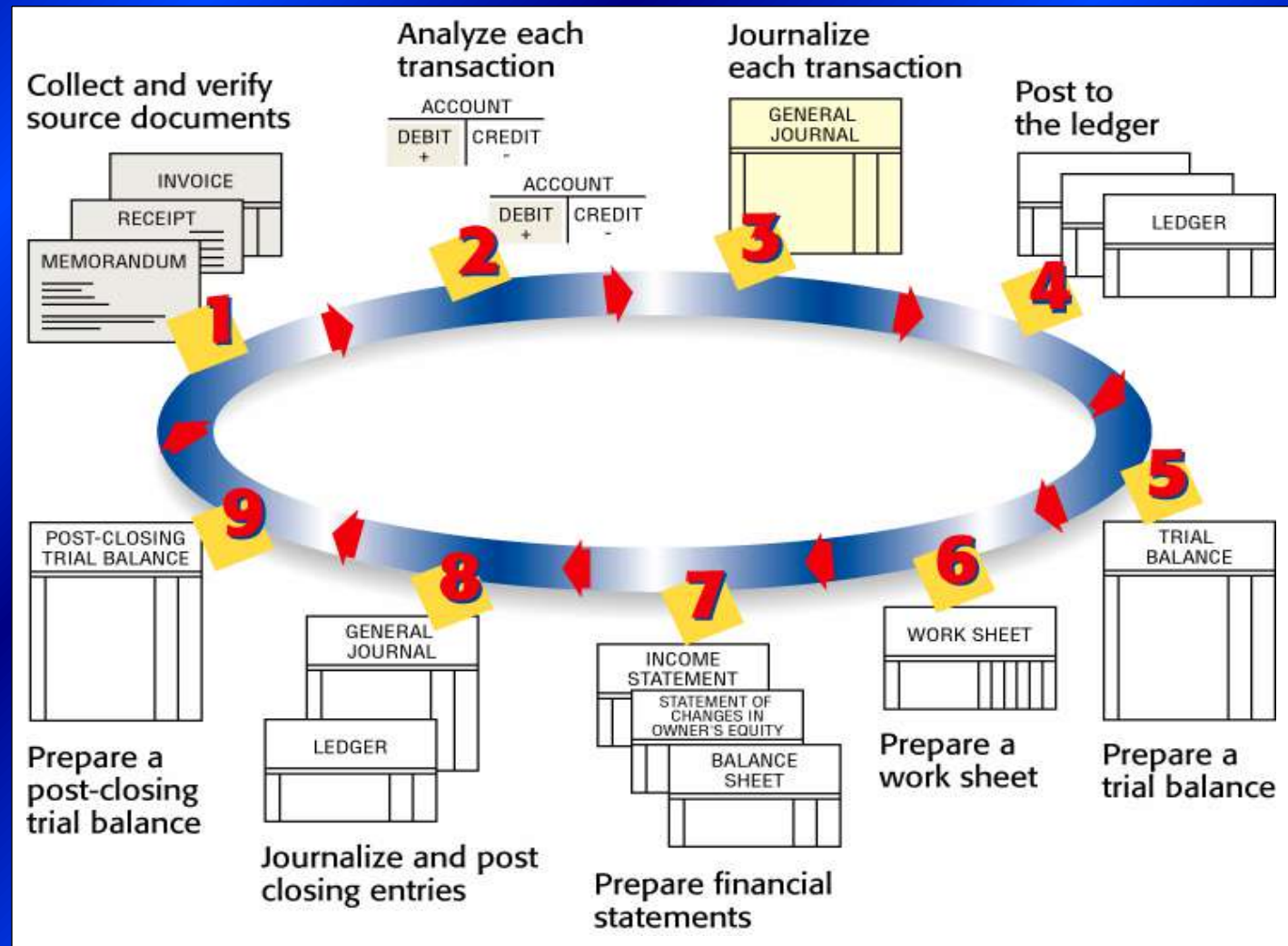
Key Terms

- accounting cycle
- source document
- invoice
- receipt
- memorandum
- check stub
- journal
- journalizing
- calendar year
- fiscal year

Chapter 6

Section 1 The Accounting Cycle (con't.)

The Steps of the Accounting Cycle



The First Step in the Accounting Cycle: Collecting and Verifying Source Documents

- The accounting cycle starts by collecting and verifying the accuracy of source documents.
- Source document is a paper prepared as evidence of that transaction.



The First Step in the Accounting Cycle: Collecting and Verifying Source Documents (con't.)

Invoice:

Lists specific information about a business transaction involving the

buying or selling of an item. The invoice contains the date of the transaction, along with the quantity, description, and cost of each item.

KELLY'S OFFICE SUPPLIES 354 Circle Drive, #150 Santa Monica, CA 90405		INVOICE NO. 479	
		DATE:	Sept. 1, 20--
		ORDER NO.:	150
TO <input type="checkbox"/> Roadrunner Delivery Service <input type="checkbox"/>		SHIPPED BY:	Truck
155 Gateway Blvd. Sacramento, CA 94230		TERMS:	Payable in 30 days
QTY.	ITEM	UNIT PRICE	TOTAL
3	Office Chairs	\$ 99.00	\$ 297.00

Chapter 6

Section 1 The Accounting Cycle (con't.)

The First Step in the Accounting Cycle: Collecting and Verifying Source Documents (con't.)

Receipt:

A record of cash received by a business. It indicates the date the payment was received, the name of the person or business from whom the payment was received, and the amount of the payment.

Roadrunner Delivery Service

105 Gateway Blvd.
Sacramento, CA 94230



RECEIPT

No. 2

Nov. 26 20 --

RECEIVED FROM Greer's Market \$ 200.00

Two hundred and 00/100 _____ DOLLARS

FOR Deliveries 11/26/20--

RECEIVED BY Maria Sanchez

The First Step in the Accounting Cycle: Collecting and Verifying Source Documents (con't.)

Memorandum:

A brief written message that describes a transaction that takes place within a business. Often used if no other source document exists for the business transaction.

Roadrunner Delivery Service

155 Gateway Blvd.
Sacramento, CA 94230



MEMORANDUM 6

TO: Accounting Clerk
FROM: Maria Sanchez
DATE: November 15, 20--
SUBJECT: Contributed personal funds to the business

I have contributed \$25,000 from my personal savings to be deposited to the business, Roadrunner Delivery Service.

The First Step in the Accounting Cycle: Collecting and Verifying Source Documents (con't.)

Check Stub:

The check stub lists the same information that appears on a check: the date written, the person or business to

whom the check was written, and the amount of the check. The check stub also shows the balance in the checking account before and after each check is written.

\$	250.00	No. 110
Date	November 2	20 --
To	Info-Systems	
For	fax/modem	
	Dollars	Cents
Balance brought forward	25,000	00
Add deposits		
Total	25,000	00
Less this check	250	00
Balance carried forward	24,750	00

The Second Step in the Accounting Cycle: Analyzing Business Transactions

- Analyzing information on the source documents to determine the debit and credit parts of each transaction.

The Third Step in the Accounting Cycle: Recording Business Transactions in a Journal

- Record the debit and credit parts of each business transaction in a journal.
- A **journal** is a record of all of the transactions of a business.
- The process of recording business transactions in a journal is called **journalizing**.



The Accounting Period

- accounting records are summarized for a certain period of time, called an **accounting period**
- most businesses use a year as their accounting period that begins on January 1 and ends on December 31 called a **calendar year**
- **fiscal year** is an accounting period of twelve months



Check Your Understanding

p125

Thinking Critically 1&2

Problem 6-1:

Analyzing a Source Document

