

CHAPTER VI

SUMMARIZING AND REPORTING VIA THE WORKSHEET

INTRODUCTION:

The recording of transactions and the adjusting and closing procedures have been discussed in previous chapters. It is reasonable to expect that among the hundreds of computations and clerical tasks involved some errors will occur, such as posting a debit as a credit. Today many financial records are maintained on the computer or on mechanical accounting systems. The use of machine time to correct errors can be very costly and can bring painful questions from high financial executives.

WORKSHEET PROCEDURES FOR A SERVICE BUSINESS:

We are already familiar with the types of accounts found in a service business--I.E. a business in which revenue comes from services rendered-- so we shall first discuss the worksheet for such a business.

The worksheet is usually prepared in pencil on a large sheet of accounting stationery called analysis paper. On the worksheet the ledger accounts are adjusted, balanced, and arranged in proper form for preparing the financial statements. All procedures can be reviewed quickly and the adjusting and closing entries can be made in the formal records with less

chance of error. Moreover, with the data for the income statement and balance sheet already proved out on the worksheet, these statements can be prepared more quickly.

For a typical service business we may suppose the worksheet to have 10 money columns; namely, a debit and a credit column for five groups of figures: (1) Trial Balance, (2) Adjustments, (3) Adjusted Trial Balance, (4) Income Statement, and (5) Balance Sheet. (later on, with practice, the adjusted trial balance columns may be eliminated). The steps in completing the worksheet are then:

- 1.- Enter the trial balance figures from the ledger.
- 2.- Enter the adjustments.
- 3.- Compute the adjusted trial balances.
- 4.- Extend the adjusted trial balance figures to either the income statement or balance sheet columns.
- 5.- Total the income statement columns and the balance sheet columns.
- 6.- Enter the net income or net loss.

VOCABULARY VIII

- A -

- 1.- ADJUSTING - ajuste
2.- AVOIDING - evitando, evitar

- B -

- 3.- BALANCED - saldada

- C -

- 4.- CLOSING - cierre
5.- CHANCE - oportunidad
6.- COMPUTER - máquina calculadora, computador

- E -

- 7.- EITHER - cualquiera, cada uno, ya sea
8.- EXECUTIVES - ejecutivos
9.- EXTEND - extender

- F -

- 10.- FAMILIAR - familiarizado

- L -

- 11.- LARGE SHEET - hoja grande

- 12.- LESS - menos

- M -

- 13.- MOREOVER - además, también, más de lo que se ha dicho, más aún

- N -

- 14.- NAMELY - principalmente

- P -

- 15.- PROVED OUT - justificado, mostrado, probado

- Q -

- 16.- QUICKLY - rápidamente

- W -

- 17.- WORKSHEET - hoja de trabajo