

Steps in the accounting



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With the onset of the financial and economic activities of the organization begins to maintain its records all of the transactions. We can say that for all companies the process of accounting is cyclical, that is, we repeat.



Step 1: Opening of accounts at the beginning of the reporting year.

Opening an account is made on January 1 of the year and is not a business, and accounting operations. When opening accounts in registers of the current year is transferred to the information data on the balance of accounts at the end of the previous reporting year. Accounts are opened on the basis of the trial balance, general ledger, which were compiled on the basis of the previous reporting year.



Step 2: Initial observation

At the initial observation occurred event of economic activity are analyzed and divided into individual business transactions.

The primary observation is made directly to the parts of the organization, depending on the type of transactions. The order of the primary surveillance established during the formation of accounting policy.



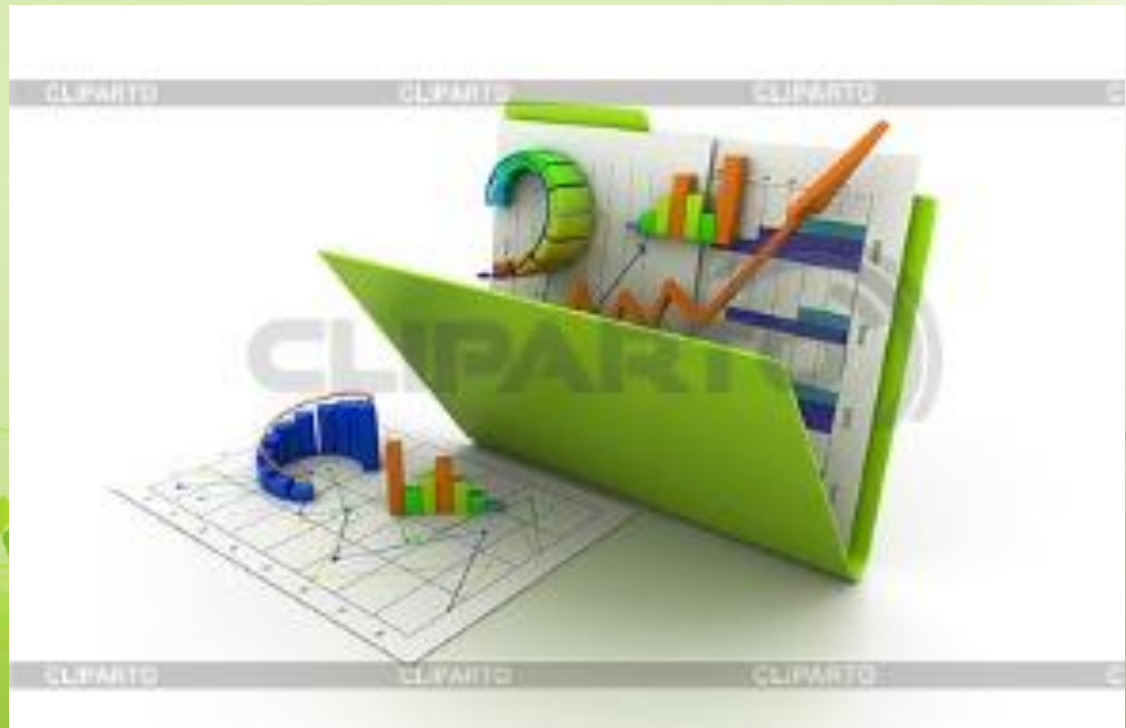
Step 3. Documentation of primary documents of operations

At the stage of documenting transactions are made or received from other organizations primary documents, reflecting all committed financial and economic operations and their results. Primary documents are signed by representatives of all parties involved in the transaction. Finished artwork and signed by the responsible persons received primary documents in the accounting service, which checked in form and substance and are recorded.



Step 4: Reflection of the results of operations in the accounting records.

At this stage, information is the primary documents of a business transaction is analyzed and entered into the registers of: Journal of economic operations, card accounts, records, magazines orders, analytical account card. The procedure for recording and nomenclature of accounting records depends on the chosen form of accounting (memorial and a warrant, journal-order, computer, simplified).



Step 5. Preparation for the compilation of financial statements

During the reporting year ending December 31, annual financial statements should be prepared. The basis for the preparation of financial statements are accounting records data, confirmed by primary documents. Summing up the results in the accounting records is preceded by a preparatory stage. Conduct an inventory of assets and liabilities of the organization, as a result of inventory data are adjusted the accounting records of assets and liabilities.





Step 6: Wrap-up in the accounting records

When preparing for the compilation of the financial statements is completed, the turn to sum up in the accounting records, namely to close accounts. For each account are counted turnovers on debit, credit and turnover on the closing balance.

Active accounts have a debit closing balance, which shows the value of the asset is the organization at the end of the reporting period. Passive accounts have credit closing balance that shows the amount of the corresponding liabilities of the Organization at the end of the reporting period.



Step 7. Preparation of trial balance and reconciliation of results

After counting the revolutions of the accounts and the final balance is made turnover balance sheet on the synthetic and analytical accounts. These synthetic account verified with analytical accounting data.



Equality of outcome revolutions confirms adherence to the method of double entry in reflection of economic operations on accounts of accounting during the reporting period. Following the method of double entry means that the same amount of the transaction was recorded on the debit one account and credit others.



Step 8. Preparation of documents of accounting (financial)

At the final stage of generalization of economic activity compiled documents accounting statements.

Accounting statements - is a unified system of data on the property and financial condition and the results of its economic activity for a certain period (quarter, year), drawn up on the basis of the information accounting for the established forms.



The annual accounting (financial) statements of organizations includes the following documents:

- **The balance sheet;**
- **The profit and loss account;**
- **Statement of changes in equity;**
- **Cash flow statement;**
- **Annex to the balance sheet;**
- **Explanatory note;**
- **An audit report confirming the accuracy of the accounts of the organization**

The structure of the annual financial report of a small business is allowed to include only the balance sheet and income statement.



*THANK YOU FOR
YOUR ATTENTION!*

