Good….. (Morning, afternoon, evening).

How are you today?

Thank you very much indeed. Well, today we’re going to speak about financial records….. What do you think I refer to when I speak of financial records?

Financial records are documents dealing with transactions.

Right! Today, our topic is bookkeeping, that is to say the recording of a company’s daily transactions. As a matter of fact, we’re also going to speak about account checking. How many transactions are made in your company every day?

I can think of sales, purchases, debts, and different sorts of payments to name but a few….

Do you remember when we spoke about budgeting we spoke about money coming and money coming out in…do you remember the words?

Income refers to the money coming in; like salary, wages, takings. Outcome or expenses refer to the money coming out.
What is a company’s income composed of?
It is different in each company, but as a general rule, it may be composed of sales, wages, and revenue.

What are takings?
Takings refers to the amount of money that a business receives from selling goods or services.

Same question for outcome. What is outcome composed of?
Outcomes in a company can be disparate. It refers to the cost of the company, the charges, and the expenses.

Can you give an example?
It refers to the money spent by the company in terms of equipment and also taxes.

Ask the student to rephrase if he/she’s not familiar with these words and notions.

What is essential to keep track of every transaction in a company?
I guess every single receipt must be kept for the recording of financial transactions. Invoices and bills can be useful for recording.

What sort of invoices and bills? What kind of invoices do you have in your company?

We have invoices from several suppliers.

Who’s your supplier for electricity?
S answers.
T  Who’s your main supplier for your business?
S answers.

T  All right. In the normal course of business, a document is produced each time a transaction occurs.

Click for box 1

T  Apart from invoices and bills, can you explain what are these other records of transactions.
Click for arrow and white box.

S  Deposit slips are produced when deposits are made to a bank account. It’s the same for bank transfers. Cheques are written to pay money out of the account.

Slide 4  Go paperless?  4'
Click for slide and title.

T  Formerly, people used to check their bank statements when they came in the mail. But nowadays, with new technologies, keeping up with your finances takes only a few mouse clicks….

How often do you check your bank statement at home?

Click for picture 1 (calendar)

S  I check my accounts every day/ every other day on the Internet. Once a week. I check my bank account every other day/ three times a month/ Every now and then.

I rarely check my bank accounts. I don’t really have a routine.

T  Did you enroll in paperless banking account or do you still receive your paper statements?

Click for picture 2 (paper statement) and 3 (online banking)

S  I no longer receive them. I can check my accounts on the internet and then I file them on my computer.

T  Is it the same in your company?
S answers

T  Do you keep a hard copy of transactions, that is to say a permanent reproduction on paper?
S answers
T What are the advantages?
S A hard copy is suitable for direct use, meaning that the user can read the material directly, rather than having to process it through a computer or some other technology. A hard copy can be read by anyone at any time, as it requires no assistance from external devices.

Click for blue box (with two pictures)
T Is it important to keep a tangible record of certain transactions?
Click for captions
S Important and official documents are usually preserved in hard copy form. In addition, a hard copy is not subject to the failure of an electronic system, and while it can be physically lost or damaged, it cannot be corrupted or lost in the same way that a computer document can. For this reason, many people generate electronic and hard copy versions of important material such as literary manuscripts. To conclude we can say that electronic filing is good, but this is not always the best option.

Slide 5  Any mistakes?  5'
Click for picture 1 (check)
T The best way to have a good financial plan is to check your bank account thoroughly. Can you explain why it is necessary?

Click for box 1
S Understanding your bank statement will ensure that there are no missing deposits such as salary, no bank errors, no hidden fees.
T Do you have a routine when you check your accounts? Do you check that your personal financial recordings match the information in your statement, in other words, do you make bank reconciliations?

Click for picture 2 (bank reconciliation) + caption does it match?
S answers
T What is bank reconciliation?
Bank reconciliation is a regular check to make sure that my records or my company’s financial records match/correspond to the bank’s record of the bank balance.

What do you do if one of the records doesn’t match?

I phone the bank or I search for the error whenever the error can be found.

What do you check exactly? Do you check every line or just your income and main expenses?

I check every single line/I just have a look.

Have you ever had such problems with your bank account?

No it never occurred. Yes, it happened once in a while. But nothing serious really.

Was it in your favour?

When you know how to check your bank statement, you will be able to take control of your finances and react in case of problem.

Slide 6 Regular account checking?

Click for slide and title

Click to picture 1 (balance)

What can you see on the picture?

A scale

What does it stand for?

It stands for the balance. In a company’s record, the difference between the total money coming in and the total amount coming out in a particular account.

Click for captions credits and debits

What has the company to do if the account is in the red?

It has to pay money into the account.
Let’s speak about your personal statement checking….What can be checked on a statement?

You can check the balance, the credit, the debit, the withdrawals, the cheques cashed, the rates, the fees.

What is your attitude? When did you last check your current account? How would you define your attitude towards account checking?

I last checked my account yesterday evening.

Please note that the student has to use the correct tense here, the preterit.

I’m really serious / addicted/ I have a compulsive attitude.

Keeping track of every transaction is really important to me.

I sometimes check, and scan my statement, but not on a regular basis.

I never log in and I hardly ever download my statements.

Sometimes I can wait for a long time before opening my paper statement.

Apart from investigating on potential mistakes, what is the use of checking your bank account?

You may notice trends that could encourage you to change your behaviour during the next statement period.

Do you think it may help you make better budgeting decisions?

When you scan the debit memos you may observe that small debit like withdrawals, cheques, may add up to large expenses, it could be more economical to act differently.

Can you think of any other problems people are likely to have on their accounts?
Right, let’s recap!

You can be stolen your credit card, your credit card can be duplicated or you can fall victim of identity theft. With payments on the internet, you can also be stolen your credit card number and have debits you are not responsible for on your account. Not to mention the problem of identity theft, which is a growing issue nowadays.

Now, let’s speak about problem solving… you’ve just noticed two problems in your account: there is a suspicious cheque and a suspicious credit card purchase. And you’re asking your manager for an explanation.

Imagine you’re phoning your personal manager to enquire about the problem. You already went to the police and you know you have a good insurance cover. Ask her to stop the cheque and don’t forget to ask advice on how to claim compensation from your insurance.

Let’s pretend I am the personal manager

Here are a few phrases you must use when addressing me, i.e. your personal manager.

Take a minute to read them carefully …(You act as the manager and answer … as vaguely or precisely as would your own account manager do!!)

Hello,……..speaking. I am checking my accounts and there are two lines I don’t understand in my statement.

I would like to know if it’s possible to stop the cheque, because I don’t know who cashed it.

I know I will probably be charged for this service.

I have a problem. I think my credit card has been stolen as well and I would like to cancel my credit card.

I would also like to put in a claim for the theft of my credit card.
Could you send me a form so as to be indemnified as soon as possible.? Etc..

Thank you, Bye, bye…

**Slide 8**  
**financial statement**

Click for slide and title

T Financial statement is a really important step. What information can you find on a financial statement?
S We can find information about the company’s financial situation.

Click for picture (balance sheet)

T What’s this?
S A balance sheet / I don’t know / A document that….  

Click for caption balance sheet

T Right/Well: it is a balance sheet. What is it for?
S A balance sheet may show the situation of a company
T Can you be more accurate?
S It shows its assets, its liabilities, its capital.
T Can you explain more precisely what the words asset and liabilities refer to?
S Asset ➔ What the company owns  
Liabilities ➔ What the company owes

Click for the two definitions.

Click for profit and loss box and the arrow

T What sort of data appear on a balance sheet?
S The document is related to the profit and loss account.
T Can you explain what a profit and loss account is?
S The profit and loss account shows the company’s revenue and expenses during a particular period, generally a month or a year.

**Slide 9**  
**single entry bookkeeping**

Click for slide and title.

T Bookkeeping should not be confused with accounting. Bookkeeping is just the recording of transactions in a book of accounts called a ledger

Click for yellow box
Many small, simple businesses maintain a single-entry system that records the "bare-essentials."

According to you, what can these bare essentials be?

The first thing we can think of is cash.

What are current assets?

It’s an asset that can be converted into cash to pay current liabilities.

What other bare essential can you think of?

The money coming in and the money coming out, in other words the income and the expenses. I can also think of orders and forecast of payments to be made such as taxes.

Excellent! Let’s start with the money coming in, or the money due to come in.

This is what we call accounts receivable or debtors.

How do you understand that?

I guess it’s the money that the business must/ is due to receive.

It’s the money owed to business by its clients. Can you give me an example?

My company has sold goods or services. The company roughly knows about the amount of money due to come in. This is referred to as account receivable or debtors.

(And as you mentioned), the money that is due to be paid is also to be recorded.

Can you explain that?

It’s the money the company owes to its suppliers for example.

One can also speak of account payables.

….or creditors

It’s the money that the company owes.

The last data that might be recorded on a single entry bookkeeping system are taxes.
Do you think that suits every kind of business?

Actually this type of system is adequate in businesses where the operations are especially simple and the volume of activity is low. It can be a simple, convenient system if you are starting a small business. The system records the flow of income and expenses.

What are the advantages of such system?

Single-entry systems are used in the interest of simplicity. They do not require the services of a trained accountant.

Would it suit to your company?

Why?

Single-entry systems are used in the interest of simplicity. They do not require the services of a trained accountant.

Let’s practice: I would like you to read the definitions, have a look at the words in the blue box and find the word that corresponds to each definition.

Definition 1?

A recording of money paid out is called a debit

Right! Click to insert solution D

Same procedure for definitions 2 to 5 click to insert letter once correct answer obtained

Here are the answers

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>D</td>
<td>E</td>
<td>A</td>
<td>C</td>
<td>B</td>
</tr>
</tbody>
</table>

Most businesses maintain a record of all transactions based on the double-entry bookkeeping system. The single entry system of recordkeeping does not include equal debits and credits to the balance sheet and income statement accounts.

Click for subtitle « a self-balancing system »
A single-entry accounting system is not self-balancing as we have seen. Can you explain why the double entry system is self-balancing?

S  Because the total debits always equals the total credits.

Click for « the total debits always equals the total credit »

T  Right

Click for box 1 and picture 1

T  Are you familiar with this system?

S  Each type of transaction is recorded in a separated account: the cash account, the liabilities account and so on.

Click for yellow arrow

T  OK. Let’s take an example: if you buy new assets, you debit the cash or capital account. What happens if you have some bills to pay?

S  You debit the liabilities account

Click for picture 2

T  Yes. Every transaction is both a debit - a deduction - in one account and a corresponding credit - an addition - in another.

Click for blue arrow and box 2

—if you buy new assets, you debit the cash or capital account.

T  Imagine that your company buys some raw materials.

Click for slide and title

T  How does it happen in your company when they purchase raw material or equipment?

S  My company will pay for it one month later.

T  What will the bookkeeper do?

S  I guess he / she will debit the purchase account

Click for debit the purchase account

T  And?

S  He / she credits the supplier’s account.

Click for credit the supplier’s account.

T  Good. Now let’s take another example. What happens if your company sells goods?

S  If my company sells an item on credit, the bookkeeper will have to credit the sales account and debit the customer’s account.

T  What is the consequence for debtors?

S  The consequence is an increase in debt
Do you remember who the debtors are?
The debtors are the customers who owe money for the goods or services they purchased.

What about the account payables account?
The account is credited.

Generally speaking if the bookkeeper does his/her job correctly, there is no mistake.

What about the stock? What will the bookkeeper do?
The company’s stock will be reduced so the bookkeeper will have to debit the stock account.

OK. So, why are such balances useful at the end of an accounting period?
At the end of an accounting period, the accountants will use these balances to prepare the company's financial statement.

Well done.

You have fallen victim of identity theft. Write a letter to appeal to insurance. Explain the circumstances in which your cheque book has been stolen and claim for compensation.

Don’t forget you don’t address people in the same way when you’re writing a letter.

Don’t forget to give your name, your policy holder number. Describe how you discovered that something was wrong in your account and put in a claim.

Please make sure that the student uses some of the vocabulary seen in sessions 4 and 5 (insurance and checking accounts). Help and rephrase whenever necessary. Thank you

Thank you very much indeed you’re your work and see you soon.