

## ACCOUNTING

Lexile 730L

**Accounting** is the system of keeping monetary accounts. It is a job of counting money spent and money received and keeping a record. Accountants may work for themselves or businesses. They may work for banks or the government. Accountants may keep records for small groups, such as local sports teams or clubs. They may keep records for large companies, such as Apple or Amazon.

Companies, individuals, and groups need to know how much money they have. They need to track how much they are spending. They need to know how much they are making. Accounting also helps groups be sure they have all the money they should have. Accounting can stop or find theft.

### Overview

Accountants keep and check records of money and spending. They use **double-entry bookkeeping**. This means they record everything in two places. A bill is recorded in one account. A gain is recorded in another account. The total of bills should equal the total of gains.

Financial and managerial accounting are two basic kinds of accounting. **Financial accounting** is keeping records for users outside the group. **Managerial accounting** is keeping records for those inside the group.

Financial accounting is usually for analysts, creditors, financial advisers, or investors. They are looking at the financial health of an organization. Financial accountants must follow rules in recording and reporting information. This helps others understand the reports.

Managerial accounting is usually for company managers. They need information to make daily decisions. They also need to know how much money the company will have to make future plans.

### Careers

The US Bureau of Labor Statistics tracks job demand. It expects employment growth of 10 percent in accounting between 2016 and 2026. In 2017, the median salary for an accountant was \$69,350. Median means that half made more, and half made less.

Most accountants have a four-year degree or a master's degree. They may want to become Certified Public Accountants (CPA). An accountant must pass a special test to be a CPA. Many companies want to hire CPAs.

Accountants may work for private groups. For example, tax accountants prepare tax returns for people and companies. They also know the rules about taxes. They make sure clients pay



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the right amount of taxes on time. Accountants may also work for the courts or the government. For example, forensic accountants study records. They look for missing money or fake records. They may be used in court trials.

Accounting is very important to individuals and to public and private groups. It gives information about a person or group's wealth and debt. It also makes sure people and groups are honest. Accountants may work in many types of jobs for many kinds of groups. They must keep careful records.

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■ **By Josephine Campbell**

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## COMPREHENSION TEST

### Multiple-Choice Questions

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1. What is expected job growth in accounting by 2026?
    - A. 25 percent
    - B. 20 percent
    - C. 10 percent
    - D. 1 percent
  2. Which of these is NOT true of accounting?
    - A. It is a job only for Certified Public Accountants.
    - B. It is a way of tracking financial health.
    - C. It records gains.
    - D. It records bills.
  3. What is the main purpose of managerial accounting?
    - A. It helps creditors manage loans.
    - B. It helps managers make investment decisions.
    - C. It helps the government manage tax payments.
    - D. It helps managers make daily and long-term decisions.
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### Fill-in-the-Blank Questions

4. \_\_\_\_\_ accounting is keeping records for analysts, creditors, financial advisers, or investors.
5. \_\_\_\_\_ accountants look for missing money or fake records.
6. \_\_\_\_\_ accounting is keeping records for users inside the group.

## COMPREHENSION TEST ANSWERS

### Multiple-Choice Questions

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**D. It helps managers make daily and long-term decisions.**

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### Fill-in-the-Blank Questions

4. **Financial** accounting is keeping records for analysts, creditors, financial advisers, or investors.

5. **Forensic** accountants look for missing money or fake records.

6. **Managerial** accounting is keeping records for users inside the group.