

ACG 2021 Introduction to Financial Accounting: Accounting Cycle

I. Accounting Cycle

A. Definition

1. Describe the accounting cycle and its components
2. Explain the purpose of the accounting cycle
3. Understand the importance of the accounting cycle

B. Steps

1. Analyze transactions
2. Journalize transactions
3. Post to ledger accounts
4. Prepare a trial balance
5. Adjusting entries
6. Prepare an adjusted trial balance
7. Prepare financial statements
8. Closing entries
9. Post-closing trial balance

C. Problem Solving Strategies

1. Read the problem carefully and identify the key elements
2. Break the problem down into smaller parts
3. Identify the relevant information
4. Use the accounting equation to solve the problem
5. Double check your work
6. Make sure you understand the answer