



Accounting Cycle Cheat Sheet

Financial Accounting (Concordia University)



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FINANCIAL ACCOUNTING

THE PROCESS OF IDENTIFYING, RECORDING, SUMMARIZING & ANALYZING AN ENTITY'S FINANCIAL TRANSACTIONS AND REPORTING THEM IN FINANCIAL STATEMENTS TO ITS EXISTING & POTENTIAL INVESTORS, LENDERS AND CREDITORS

CORE PRINCIPLE

STUFF THAT A BUSINESS OWNS = STUFF THAT A BUSINESS OWES

THE ACCOUNTING EQUATION

ASSETS = LIABILITIES + EQUITY

JOURNAL ENTRY

DATE	ACCOUNT	DEBIT	CREDIT
MMM-DD-YY	ACCOUNT NAME ACCOUNT NAME DESCRIPTION	X	X

DEBITS AND CREDITS

ARE WORDS USED TO REFLECT THE DUALITY OR DOUBLE-SIDED NATURE OF ALL FINANCIAL TRANSACTIONS

STEP 2 PREPARE JOURNAL ENTRIES

DOUBLE-ENTRY BOOKKEEPING

EVERY ACCOUNTING ENTRY HAS AT LEAST ONE OPPOSITE, CORRESPONDING ENTRY IN A DIFFERENT ACCOUNT

RECORDS OF FINANCIAL TRANSACTIONS

ACCOUNTING CYCLE

STEP 8 POST CLOSING ENTRIES

STEP 1 IDENTIFY TRANSACTIONS

JOURNAL ENTRIES THAT TRANSFER BALANCES FROM TEMPORARY ACCOUNTS SUCH AS REVENUES, EXPENSES & DIVIDENDS TO PERMANENT ACCOUNTS IN THE BALANCE SHEET

ACCOUNTING REPORTS THAT SUMMARIZE A BUSINESS'S ACTIVITIES OVER A PERIOD OF TIME

STEP 7 CREATE FINANCIAL STATEMENTS

BALANCE SHEET

A SUMMARY OF A BUSINESS'S REVENUES & EXPENSES OVER A PERIOD OF TIME

INCOME STATEMENT

A SUMMARY OF A BUSINESS'S CASH INFLOWS & OUTFLOWS OVER A PERIOD OF TIME

CASH FLOW STATEMENT

A SNAPSHOT OF A BUSINESS'S ASSETS, LIABILITIES & EQUITY AT A SINGLE POINT IN TIME

BALANCE SHEET

STEP 3 POST TO GENERAL LEDGER

6 TYPES OF ACCOUNT

DIVIDENDS -
EXPENSES -
ASSETS -
LIABILITIES -
EQUITY -
REVENUE -

A DATABASE THAT STORES A COMPLETE RECORD OF ALL ACCOUNTS & JOURNAL ENTRIES

STEP 4 UNADJUSTED TRIAL BALANCE

STEP 5 POST ADJUSTING ENTRIES

TRIAL BALANCE AS AT MMM-DD-YY

ACCOUNT	DEBIT	CREDIT
CASH	X	
ACCOUNTS RECEIVABLE	X	
INVENTORY	X	
PROPERTY, PLANT & EQUIPMENT	X	
ACCOUNTS PAYABLE		X
SALARIES PAYABLE		X
TAXES PAYABLE		X
OWNER'S EQUITY		X
DIVIDENDS	X	
REVENUE		X
COST OF GOODS SOLD	X	
OVERHEAD EXPENSE	X	
INTEREST EXPENSE	X	
TAX EXPENSE	X	
TOTAL	X	X

A PLACE WHERE WE RECORD, SORT & STORE ALL FINANCIAL TRANSACTIONS THAT AFFECT A RELATED GROUP OF ITEMS

ACCOUNT

DR	ACCOUNT NAME	CR
DEBITS ON THE LEFT		CREDITS ON THE RIGHT

T-ACCOUNT

A VISUAL REPRESENTATION OF AN ACCOUNT

CLOSING ENTRY

DATE	ACCOUNT	DEBIT	CREDIT
MMM-DD-YY	REVENUE	X	
	EXPENSES		X
	DIVIDENDS		X
	RETAINED EARNINGS	X	
	DESCRIPTION		

EXAMPLES INCLUDE...

- DEPRECIATION
- AMORTIZATION
- PREPAID EXPENSES
- DEFERRED REVENUE
- ACCRUED EXPENSES
- ACCRUED REVENUE

ADJUSTING ENTRY

DATE	ACCOUNT	DEBIT	CREDIT
MMM-DD-YY	ACCOUNT NAME ACCOUNT NAME DESCRIPTION	X	X

ACCRUAL METHOD OF ACCOUNTING

REVENUE IS RECOGNIZED AS IT'S EARNED
EXPENSES ARE RECORDED AS THEY ARE INCURRED

ALLOWED

ACCOUNTING RULEBOOKS

INTERNATIONAL FINANCIAL REPORTING STANDARDS
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

NOT ALLOWED

CASH METHOD OF ACCOUNTING

REVENUE IS RECOGNIZED WHEN CASH IS RECEIVED
EXPENSES ARE RECORDED AS WHEN CASH IS PAID OUT



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