

Introduction

The first part of the document discusses the importance of maintaining accurate records of all transactions. This is essential for ensuring the integrity of the financial statements and for providing a clear audit trail. The second part of the document outlines the procedures for recording transactions in the general ledger.



Accounting Cycle

The accounting cycle consists of the following steps:

1. Analyze the business transactions.
2. Journalize the transactions.
3. Post the transactions to the ledger.
4. Prepare a trial balance.
5. Adjust the accounts.
6. Prepare financial statements.
7. Close the books.



The trial balance is a statement that shows the debit and credit balances of all the accounts in the ledger. It is used to check the accuracy of the accounting records. The trial balance is prepared at the end of each accounting period.

The financial statements are prepared from the adjusted ledger. They include the income statement, balance sheet, and statement of cash flows.