

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for ensuring the integrity of the financial data and for facilitating the audit process. The document outlines the various types of records that should be maintained, including general ledgers, subsidiary ledgers, and supporting documents such as invoices and receipts.

The second part of the document provides a detailed overview of the accounting cycle. It describes the ten steps involved in the cycle, from identifying the accounting entity to preparing financial statements. The document explains how each step contributes to the overall process of recording, summarizing, and reporting the financial activities of the business.

Accounting Cycle		
Step	Description	Accounting Entry
1	Identify the accounting entity	
2	Record the transactions in the journal	Journal Entry
3	Post the journal entries to the ledger	Posting
4	Prepare a trial balance	Trial Balance
5	Adjust the accounts	Adjusting Entries
6	Prepare financial statements	Income Statement, Balance Sheet, etc.
7	Close the books	Closing Entries
8	Prepare a post-closing trial balance	Post-Closing Trial Balance
9	Reverse the adjusting entries	Reversing Entries
10	Repeat the cycle	

Accounting Cycle



The diagram illustrates the sequential nature of the accounting cycle. Each step is a necessary component of the process, and the cycle repeats annually. The final step, reversing the adjusting entries, prepares the books for the start of the next accounting period.