

CHAPTER 10

The first part of the chapter discusses the importance of maintaining accurate records of all transactions. This is essential for the proper management of the business and for the preparation of financial statements.

THE ACCOUNTING CYCLE

1. Identify the accounting cycle steps.
2. Explain the purpose of each step.
3. Apply the accounting cycle to a set of transactions.
4. Prepare a trial balance.
5. Explain the importance of the trial balance.
6. Prepare a balance sheet.
7. Prepare an income statement.
8. Prepare a statement of owner's equity.
9. Prepare a statement of cash flows.