# Accounting Cycle

**Accounting Cycle**

1. **Identification of Transactions**
    - Start of the accounting cycle with the identification of financial transactions that need to be recorded.
2. **Journalizing**
    - Transactions are recorded in the general journal, showing the date, accounts involved, and amounts.
3. **Posting to the Ledger**
    - Transfer the journal entries to the corresponding accounts in the general ledger.
4. **Trial Balance**
    - Prepare a trial balance to ensure debits equal credits and to detect any errors in the ledger accounts.
5. **Adjusting Entries**
    - Make adjusting entries for accrued revenues, expenses, depreciation, and other items to ensure accurate financial statements.
6. **Adjusted Trial Balance**
    - After adjusting entries, prepare an adjusted trial balance to ensure the accounts are up to date.
7. **Financial Statements**
    - Prepare financial statements including the income statement, balance sheet, and cash flow statement based on the adjusted trial balance.
8. **Closing Entries**
    - Close temporary accounts (revenues, expenses, dividends) to retained earnings to start the next accounting period fresh.

# Accounting Cycle

9. **Post-Closing Trial Balance**
   - Prepare a post-closing trial balance to ensure that all temporary accounts have been closed properly.
10. **Reversing Entries (Optional)**
    - Reverse certain adjusting entries in the new accounting period to simplify the process for the next cycle.
11. **Audit and Review**
    - Conduct an audit and review the financial statements to ensure accuracy and compliance with accounting standards.
12. **Repeat the Cycle**
    - The accounting cycle is a continuous process that repeats for each accounting period to provide accurate financial information for decision-making.