

## 1.1.1 The accounting cycle



Figure 1.1.1 The accounting cycle

Step	Description
1	Analyse transactions and determine their effects on the accounting equation
2	Journalise transactions and other adjustments
3	Post to the ledger
4	Prepare a trial balance
5	Adjust entries
6	Prepare financial statements
7	Close the books
8	Reverse the entries

### 1.1.1.1 The accounting cycle

The accounting cycle consists of eight steps:

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The accounting cycle is a systematic process that ensures the accuracy and completeness of financial records. It involves the recording, summarizing, and reporting of financial transactions in a way that is consistent and understandable.

The accounting cycle is a continuous process that repeats itself every accounting period. It is essential for businesses to follow these steps to ensure that their financial statements are accurate and reliable.

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