1. **Collect and verify source documents**
   - Examples: Invoice, Receipt, Memorandum, Check Stub

2. **Analyze each transaction**
   - 1. Determine accounts affected
   - 2. Determine account type
   - 3. Determine increase or decrease
   - 4. Determine debit(s) and credit(s)

3. **Journalize each transaction**
   - 1. Date
   - 2. Account Debited
   - 3. Amount Debited
   - 4. Account Credited (indent slightly)
   - 5. Amount credited

4. **Post to the ledger**
   - Record for each individual account. (date, post ref. journal type and page # where info came from G7, amount, balance)

5. **Prepare a trial balance**
   - Used to verify ledger debit balances equal credit balances before proceeding to worksheet

6. **Prepare a worksheet**
   - Gathering information for preparing financial statements

7. **Prepare financial statements**
   - 1. Income Statement
   - 2. Statement of Owner’s Equity
   - 3. Balance Sheet

8. **Journalize and post closing entries**

9. **Prepare a post-closing trial balance**
   - Close the temporary owner’s equity accounts into the owner’s capital account

**The Accounting Cycle**