

Accounting Cycle

Name

ACC/421

Date

Instructor Name

Accounting Cycle

Most organizations have an accounting cycle process with the aim of processing/organizing information and statements regarding their financial position at the end of each accounting period. This enables the stakeholder to estimate whether the organization is running at a loss or making a profit. Accounting process is an ongoing activity in a company, and it is done repeatedly at the end of each accounting period. The accounting process varies significantly depending on various aspects such as the size of the organization in terms of operations and the number of accountants.

As the company expands its operations, the account complexity widens. Similarly, the number of accountants may also determine the accounting process. Companies are obligated to process financial information and must have a dedicated personnel assigned to this accounting task. To meet their objectives, accountants must strictly follow the prescribed step-by-step process referred to as the accounting cycle (Kieso, Weygandt, & Warfield, 2007). Quality Tax Services, Incorporated is a family operated company that started in 1997. The company has after that developed and has employed three employees to facilitate their growing operation and demands from its clients. One individual is assigned to fully oversee the accounting cycle. A recent development at Quality Tax Services, Incorporated is the introduction of the automated software to reduce the burden of bookkeeping.

Accounting Cycle Process

Accounting cycle is a systematic process that follows generic steps of identifying and recording business transactions, summarizing them, and finally reporting to management. According to Kieso, Weygandt, and Warfield, 2007, the accounting cycle has a chain

relationship with the previous stage in the accounting life cycle. The following are the accounting cycle steps employed by Quality Tax Services, Incorporated.

Identifying

Identification of the transaction is the initial step that triggers accounting cycle by identifying the transactions to be recorded. This entails pointing transactions that have an economic value and can be expressed in monetary terms (Kieso, 2007). All sale or purchase transactions must be recorded in the accounting book.

Journalizing

Journalizing entails capturing transactions in a general journal that indicate information such as liability, asset, capital, and stockholders'. Moreover, it shows the consequence of transactions generated from asset, liability, equity, expense, and income.

Posting

The third practice is posting accounts that involve transferring transactions records from a journal to the ledger book. The general ledger is organized in such a way that, all related transactions are wrapped together and summarized. For example, the account named "purchases" will collect all purchases for that period (Jacquet, 2002).

Trial Balance

A trial balance is list of all accounts and their balances for a particular accounting period. At the end of an accounting period, the company prepares a trial balance of all accounts in the same order they were posted in the ledger account along with debit, and credit balances. The summation on each columns, credit, and debits should be equivalent as conceptualized by the "principle of double entry" that guarantees no omission and error free accounts.

Adjusted Transactions