

Week Three Reflection Summary

Name

Team A

ACC/ 290

Date

What do you think is the most important skills learned when you are in accounting? Well accounting is very important in all. Accounting comes with many different statements and entries that pretty much define a business in all. Distinguish among the cash basis and the accrual basis of accounting. Accrual-based accounting suggests that organizations register in the segments in which the actions happen, actions that modify organizations monetary statements still if cash has not swap. Underneath the cash basis, organizations document dealings only in the segments in which the organizations receives or disburse money. Cash-basis accounting; which an organization report revenue only when it collect cash and an expense only when it disburse out cash. Accrual-basis accounting basis in which organizations note, in the segments in which the dealings happen, business that modify an organizations financial statements, even if money was not exchanged.

Creating adjusting entries is just as important as any other skills in accounting. Without creating adjusting entries, companies run the risk of not having accurate records. Most companies use accrual basis accounting. In accrual basis accounting, revenue is recognized when earned and expenses recognized when incurred. According to Kimmel, Weygandt, Keiso (2011), adjusting entries “ensure that the revenue recognition and expense recognition principles are followed”.

As any other type of adjusting entry a Trial balance is also important for accounting. A trial balance is when any account that is being set up on the trial balance is checked to make sure that it is all set up correctly and is up to date. The trial balance is just the beginning of the process to start on the additional financial statements that are required to be completed. The trial balance is actually very easy to do to check that all information is correct. One example that is very noticeable is once you add all of your credits and debits they will both add up to the same amount which allows you to see that the trial balance has been done correctly to be able to move

on to the next process. After a Trial balance has been completed it allows other important statements to be completed such as the Income statement, Retained earnings statement and the Balance sheet.

References

- [Khedair, J., & Anderson, M. \(2009\). CHAPTER 10: Financial assumptions and information *Successful Business Plans: Get Brilliant Results Fast.*, 129.](#)
- Kimmel, Weygandt, Keiso. (2011). *The accounting information system* [PowerPoint slides]. Retrieved from University of Phoenix ACC/290 Chapter 4.
- *The accounting cycle.* (2002). Retrieved from <http://www.netmba.com/accounting/fin/process/>