

Chapter 4 Outline

The Accounting Cycle
Adjusted Trial Balance
Preparation of Financial Statements
Closing Entries
Post-Closing Trial Balance
The Worksheet
Reversing Entries
Comprehensive Illustration—Completing
the Accounting Cycle

Competencies

1. Explain the steps in the accounting cycle. (pp. 107–108, 121–127)
2. Explain the purpose of the adjusted trial balance and the relationships between the adjusted trial balance, the balance sheet, the income statement, and the statement of owners' equity. (pp. 108–110)
3. Describe the closing process, and explain the function of the post-closing trial balance. (pp. 110–116)
4. Describe the worksheet and explain its function. (pp. 116–120)
5. Explain the purpose of reversing entries and identify the circumstances under which they can be used. (pp. 120–121)