



## Chapter 8 Outline

Accounting Cycle  
Cash Basis Accounting  
Accrual Basis Accounting  
Computerized vs. Manual Accounting Cycle  
Tower Restaurant: A Computerized Demonstration  
Tower's Input Procedures  
Tower's Computer Software  
Conversion from Manual to Computer System  
Setting Up the Computer Chart of Accounts  
Computer Input of Account Balances  
Journalizing the Monthly Business Transactions  
Computerized Posting of the Special Journals  
End-of-Month Accounting  
Working Trial Balance  
Adjusting Entries  
Computer Input of Adjusting Entries  
Computation of Net Income or Loss  
Proprietorship Net Income  
Corporation Net Income  
Computerized Financial Statements  
Computerized General Ledger  
Reversing Entries  
Computerized Year-End Processing  
Automatic Closing Entries  
Post-Closing Trial Balance

## Competencies

1. Describe the accounting cycle and the difference between accrual and cash basis accounting. (pp. 205–207)
2. Explain the steps necessary to convert from a manual accounting system to a computerized accounting system. (pp. 207–210)
3. Describe how special journals can be used as the source document for input to the computerized accounting system. (pp. 210–214)
4. Describe a working trial balance and identify adjusting entries. (pp. 214–220)
5. Explain how net income or loss is manually calculated to verify the accuracy of the computerized financial statements. (pp. 220–227)