What posting looks like

Trial Balances

❖ Trial Balance: A list of accounts and their balances at a given time
  o Proves the mathematical equality of debits and credits after posting
  o Accounts are listed in order in which they appear in the ledger
  o May also uncover errors in journalizing and posting
  o Is useful in the preparation of financial statements
Other Vocabulary

Chart of Accounts: listing of accounts used by a company

Chapter 4

Principles

➢ Revenue Recognition Principle: Companies recognize revenue in the accounting period in which the performance obligation is satisfied.
  ○ Customer requests service --> Service performed --> Cash received

➢ Expense Recognition Principle: Expenses matched with revenues in the period when efforts are expended to generate revenues.

➢ Periodicity Assumption: Economic life of business can be divided into artificial time periods.