• **Accrual Method**: Its an accounting method to record or report the revenues on the income statements "When its earned even if it will be earned 30 days later “. Also it requires that the expenses & losses will be reported in the income statements when they are occurred. (The accrual method requires a large companies not small companies)

• **Adjusting Entries**: Process made in the last day of the accounting period, so that the financial statements reflect the revenues & expenses incurred during the accounting period. So the adjusting entries are important for adjusting the revenues & the expenses that has been not recorded.

• **Correcting Entries**: Correcting entries involve any combination of the Income statements & The balance sheet. (wrong informations)

• **Posting**: entering the amounts in the general ledger.

• **General ledger**: consist of all items in the balance sheet & the income statements.

• **Trail Balance**: consist of the items listed in the general ledger. The credit = debit

• **Contra Account**: an account with a balance that is opposite of the normal balance. (Accumulated depreciation).

• **Subsidiary ledger**: Contains the supporting detail for a control account in the general ledger.

• **Control Account**: An account in the general ledger with summary informations.

• **Temporary accounts**: = in the income statements.

• **Permanent accounts**: = in the balance sheet.

• **Contra Assets account**: An assets with a credit balance.

• **Net Realizable Value**: Connect between the account receivables & the inventory. (Account receivables - allowance for uncollectible account)

• **Allowance for doubtful accounts**: Balance sheet account that reduces the reported amount of the account receivables. It presents a more realistic picture of how much of the account receivables will be turned into a cash. “bad debt expense “
  - The allowance for doubtful accounts represents management’s best estimate of the amount of accounts receivable that will not be paid by customers.
  - The allowance for doubtful accounts is a reduction of the total amount of accounts receivable appearing on a company’s balance sheet, and is listed as a deduction immediately below the accounts receivable line item.

• **Write-off method**: (No allowance account), Dr: Account receivables Cr: Bad debt expense

• **Treasury stock**: Corporation's previously issued shares of stock which have been repurchased from the stockholders and the corporation has not retired the repurchased