

Flowchart showing the link between needs and wants through to financial accounts

Individuals have needs and wants which are met businesses through the provision of goods and services

Financial transactions occur, mainly buying and selling goods/services but also the business buying/selling assets, taking out/paying back loans etc.



Financial Documents arise from these transactions (receipts, invoices, loan agreements etc.)



Transactions are recorded using Bookkeeping – Debits and Credits



A trial balance is prepared at the end of the period showing the Debit or Credit balance on each account



The trial balance is used to prepare financial statements:
1. Income Statement 2. Statement of Financial Position



Accounts are to be sent to HMRC
Accounts can also be used as the basis for Ratio Analysis

Preview from Notesale.co.uk
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