

# CHEAT SHEET

WHAT IS ACCOUNTING?

ACCOUNTING 101 EXPLAINED FOR  
ALL LEVELS

LEARN  
ACCOUNTING WITH INDY

MASTERING FINANCIAL NUMBERS

## Five Main Accounts?

**Assets** – Future Benefit – DR

**Liabilities** – Future Obligation – CR

**Shareholders' Equity** – Ownership Stake – CR

**Revenues** – Income Earned – CR

**Expenses** – Costs Incurred, Consumed or  
Used – DR

## The Four Financial Statements?

**Income Statement:** Revenues –  
Expenses = Net Income

**Statement of Changes in Equity:**  
Changes in Common Shares and  
Retained Earnings

**Balance Sheet:** Assets = Liabilities +  
Shareholders Equity

**Statement of Cash Flows:** Cash  
inflow and outflows in Operating,  
Investing and Financing Activities

## The Accounting Cycle?

**Step 1: Analyze the Transactions**

**Step 2: Journalize the Transactions**

**Step 3: Update the T-Accounts**

**Step 4: Prepare the Unadjusted Trial  
Balance**

**Step 5: Journalize the Adjusting Entries**

**Step 6: Prepare the Adjusted Trial Balance**

**Step 7: Prepare the Four Financial  
Statements**

**Step 8: Journalize the Closing Entries**

**Step 9: Prepare the Post-Closing Trial  
Balance**

# The Main Accounting Equation?

**Assets = Liabilities + Shareholders Equity**

**DR = CR + CR**

## The T-Accounts?

Assets			Liabilities			Shareholders Equity	
<b>DR</b>	<b>CR</b>		<b>DR</b>	<b>CR</b>		<b>DR</b>	<b>CR</b>
<b>Increases</b>	Decreases		Decreases	<b>Increases</b>		Decreases	<b>Increases</b>

Revenues			Expenses	
<b>DR</b>	<b>CR</b>		<b>DR</b>	<b>CR</b>
Decrease	<b>Increases</b>		<b>Increases</b>	Decreases