

- d. Accrued Expenses: Expenses incurred but not yet paid (Liability).
- e. Income received advance: Income received for goods or services not yet delivered (liability)
- f. Allowance for doubtful debts: An estimation of debtors control or accounts receivable that may not be collected or received.

4. **FINANCIAL STATEMENTS:** Are prepared to summarize the company's performance and position.

The written reports that show the business financial activities such as position, performance and position are called financial statements.

They are the following:

Balance Sheet – Shows financial position of a business at a specific point in time.

Income statement – Shows the business performance for the period ended.

Cash flow statement – Shows the business cash position over a specific period.

Statement of changes in equity- Shows how the equity moves in a company over a specific period.

Notes to the financial statements – Shows the detailed explanation and additional information in the financial statements.

5. **CLOSING THE BOOKS:** Closing the company books at the end of the financial period by transferring temporary accounts to retained account.

- We perform the closing entries/ journal entries by transferring all the temporary or nominal accounts such as income and expenses to retained earnings.
- We also prepare post-closing Trial Balance with the following Chart of accounts:
 - Assets
 - Owner's Equity
 - Liabilities

The following is a diagram of the Accounting Cycle



