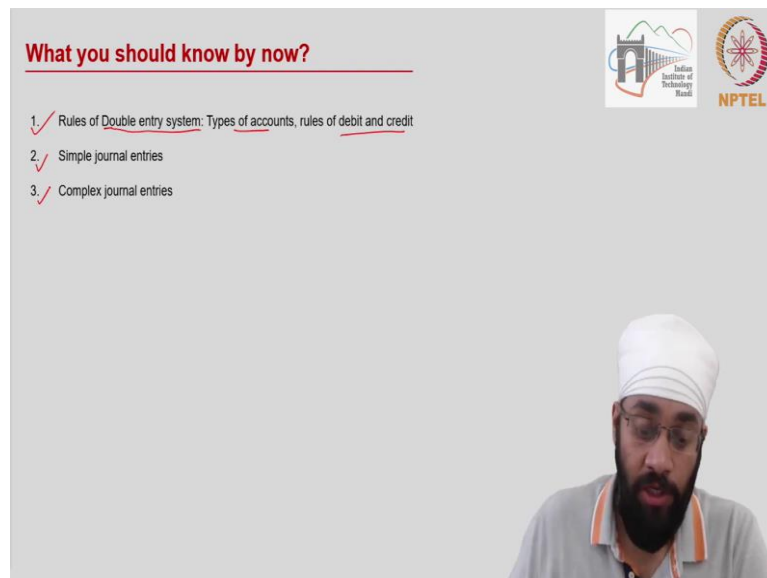**Financial Accounting**
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Lecture – 30
3.0 Recap and way forward

Congratulations on finishing the first step in the accounting cycle. You are now aware of the process that is used in the journalizing of transactions in the book of primary entry called journal. In this video, I am going to give you a recap of what you have learned and a preview of things to come.

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So, by now you should be aware of the rules of the double entry system: the basic principles on which the transactions are recorded in the journal. This includes rules of debit and credit and rules of types of accounts. Identifying the nature of the account and applying the rule of debit and credit should be on your fingertips by now. If it is not, make sure you do sufficient practice by going through the tutorials before moving ahead. Otherwise it is going to be slightly difficult for you to catch up. You should also know how to write simple journal entries. We have also gone through some complex journal entries where multiple accounts may be involved in a given transaction. So, if you know this much at a satisfactory level, you can move forward.

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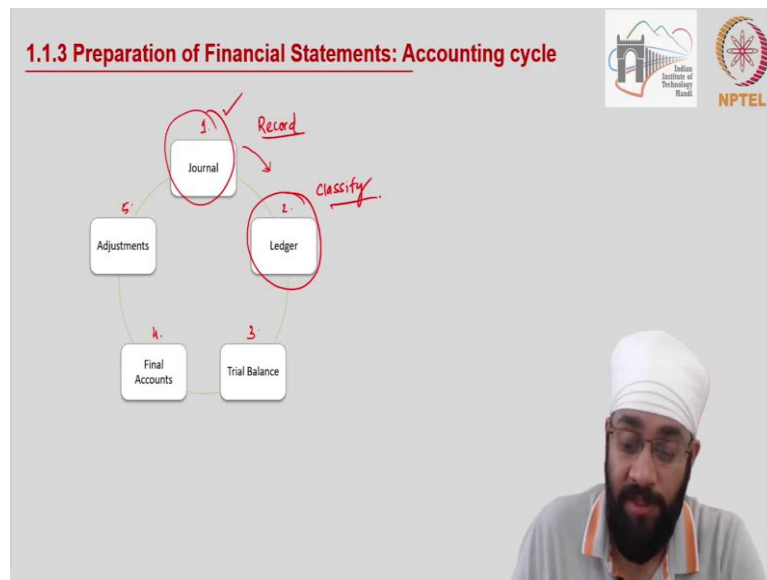
To give you a quick overview of where we are in the course: if you remember this slide, I am using it again. This is what we have done, and now we are moving on to this second step which is called ledger posting or ledger. So, we are moving to the second step in the accounting cycle process.

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So, we are going to learn to classify the transactions. In the first step, we learnt; how are we going to record. How are you going to record the transactions and now we are going to learn to classify the transactions. Again, I am referring to the definition that we learnt of accounting.

Accounting is an art of recording, classifying, and summarizing. Recording is done. The time now is for classifying these transactions. So, I will see you in the next video.