CHAPTER -2
ACCOUNTING EQUATION

Balance Principle

Aktiva = Passiva

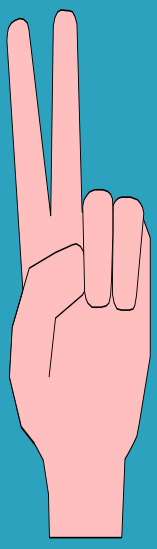
Aset = Liabilities + Capital

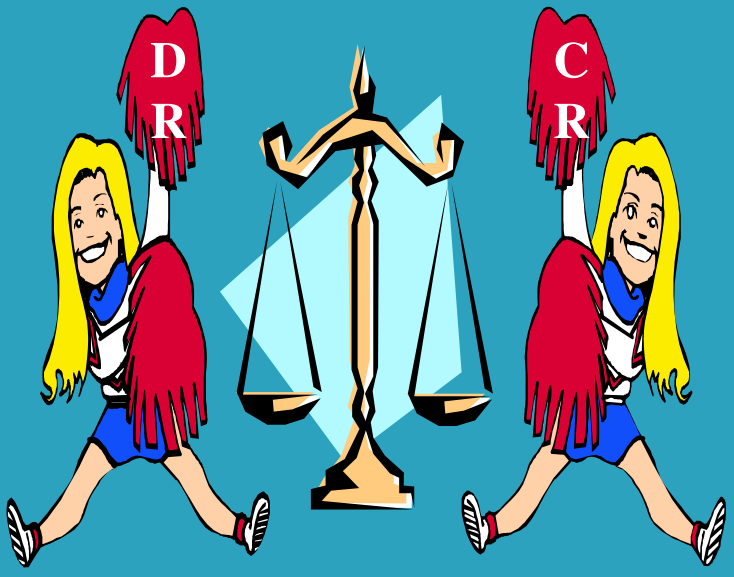
Aset = Liabilities + Capital + Revenue – Expense – Drawing

Double-Entry Accounting

Double-entry bookkeeping means to record the dual effects of each business transaction

Assets = Liabilities + Stockholders' Equity





Harta (aktiva) adalah kekayaan yang dimiliki oleh perusahaan, sedangkan hak atas kekayaan itu disebut dengan pasiva. Bila hak atas kekayaan itu adalah pemilik perusahaan sendiri, maka dapatlah persamaan ditulis sebagai berikut:

Harta = Modal Pemilik
(Aktiva) = (Pasiva)

Selain hak atas kekayaan berasal dari pemilik, ada juga hak atas kekayaan yang berasaldari pihak lain (kreditur) misalnya, yang dikelompokkan ke dalam utang. Dengan demikian bentuk persamaan dapat ditulis menjadi:

Harta = Utang + Modal Pemilik
(Aktiva = (Pasiva)

Pengaruh Transaksi Keuangan terhadap Persamaan Akuntansi

Persamaan akuntansi merupakan konsep dasar pencatatan akuntansi sistem berpasangan (*double entry*). Setiap transaksi sesuai dengan prinsip berpasangan dicatat dalam dua jalur akun yang terkait sehingga hasil persamaan akuntansi selalu menunjukkan keseimbangan harta = utang + modal.

Pengaruh transaksi terhadap persamaan akuntansi dapat terjadi antara:

harta dan harta
harta dan utang
harta dan modal.

THE ACCOUNT

- An account is an individual accounting record of increases and decreases in a specific asset, liability, or owner's equity item.
- A company will have separate accounts for such items as cash, salaries expense, accounts payable, and so on.

The Account

Assets are the economic resources that benefit the business now and in the future

Cash
Accounts receivable
Inventory
Notes receivable
Prepaid expenses

Land
Buildings
Equipment, furniture, and fixtures

The Account

Liabilities are the debts of the company.

Notes payable
Accounts payable
Accrued liabilities
(for expenses incurred but not paid)
Long-term liabilities (bonds)

The Account

Stockholders' (owners') equity is the wners' claims to the assets of a corporation

A proprietorship uses a *single account*.

partnership uses *separate accounts* for eac owner's capital balance and withdrawals.

A corporation uses *separate capital accounts* for each *source of capital.*

The Account


Common Stock
Retained Earnings
Dividends
Revenues
Expenses

Accounting for Business Transactions

A *transaction* is any event that both affects the financial position of the business entity and can be reliably recorded.

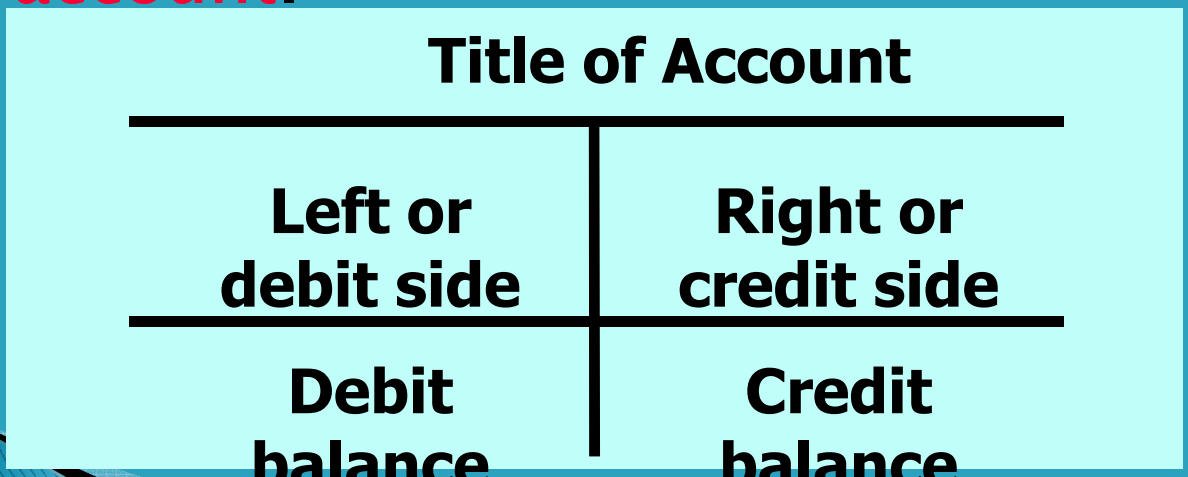
DOUBLE-ENTRY SYSTEM

- Thus, the total debits will always equal the total credits and the accounting equation will always stay in balance.



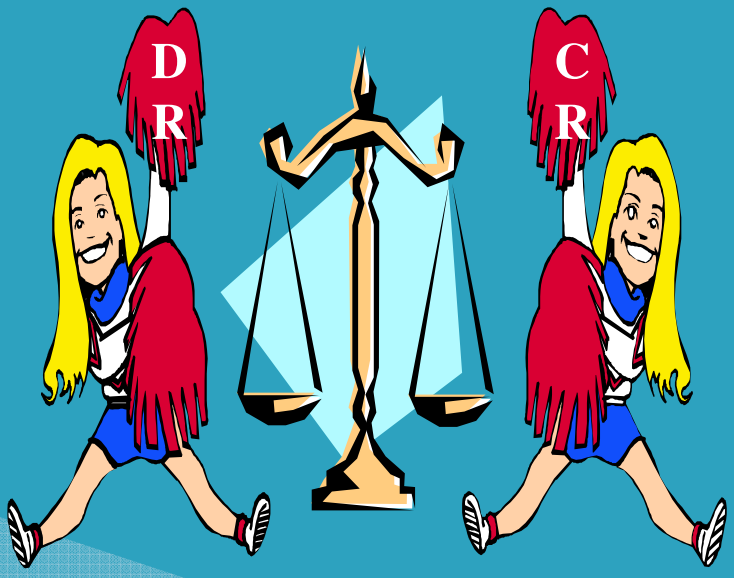
BASIC FORM OF ACCOUNT

- In its simplest form, an account consists of
  1 the title of the account,
  2 a left or debit side, and
  3 a right or credit side.
- The alignment of these parts resembles the letter T, and therefore the account form is called a T account.



DEBITS AND CREDITS

- The term debit means left and credit means right respectively.
- The act of entering an amount on the left side of an account is called debiting the account and making an entry on the right side is crediting the account.
- When the debit amounts exceed the credits, an account has a debit balance; when the reverse is true, the account has a credit balance.



Increases and Decreases in the Accounts

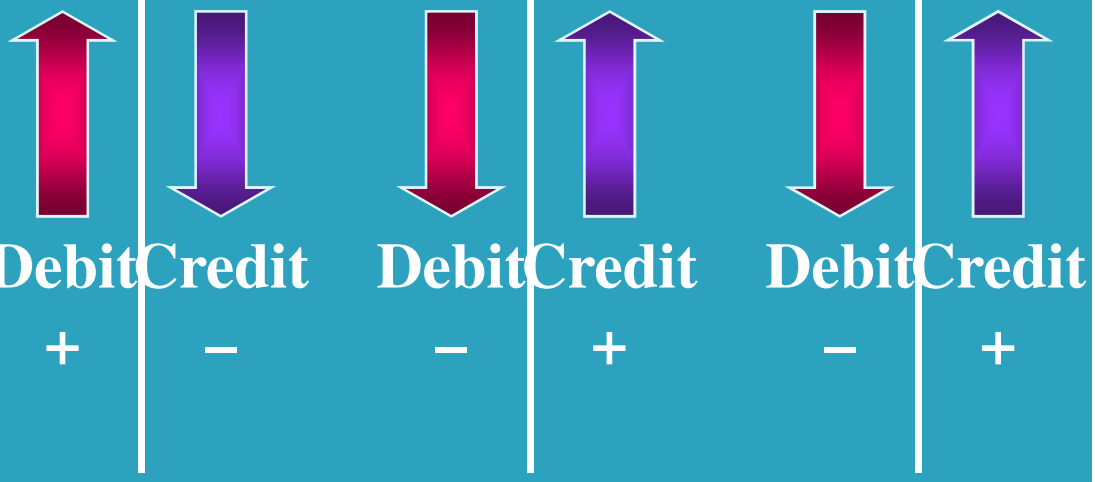
Balance Sheet

	Liabilities
Assets	
	Equity
DEBIT SIDE	**CREDIT SIDE**

Increases and Decreases in the Accounts

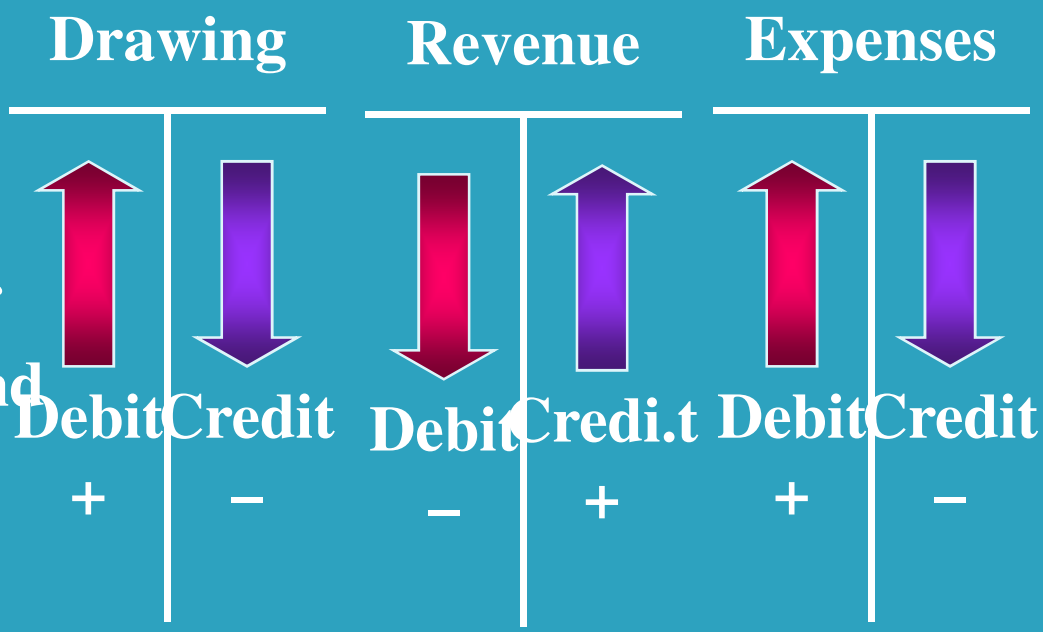
Accounting Equation: Assets = Liabilities + Stockholders Equity

Rules of Debit and Credit:



Increases and Decreases in the Accounts

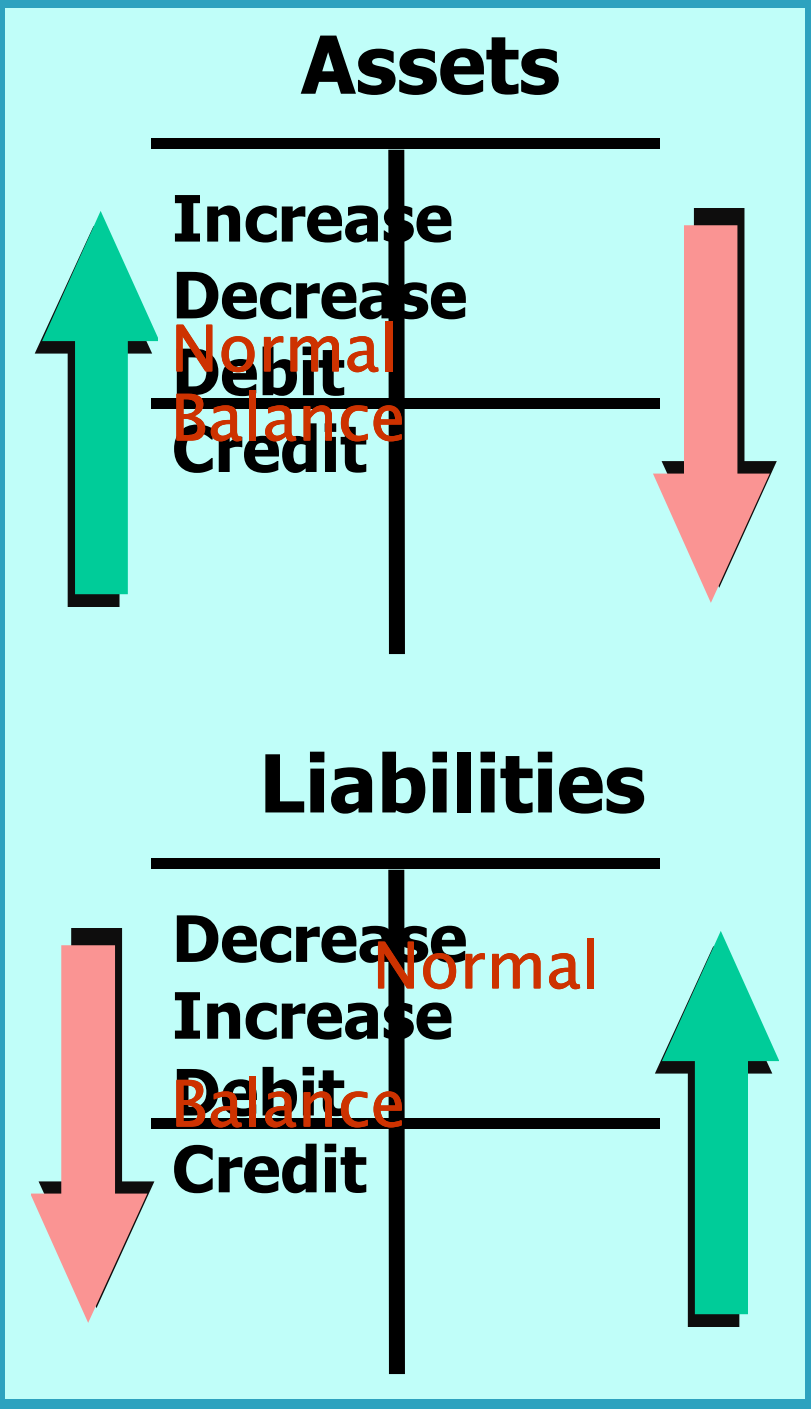
Rules of Debit and Credit:



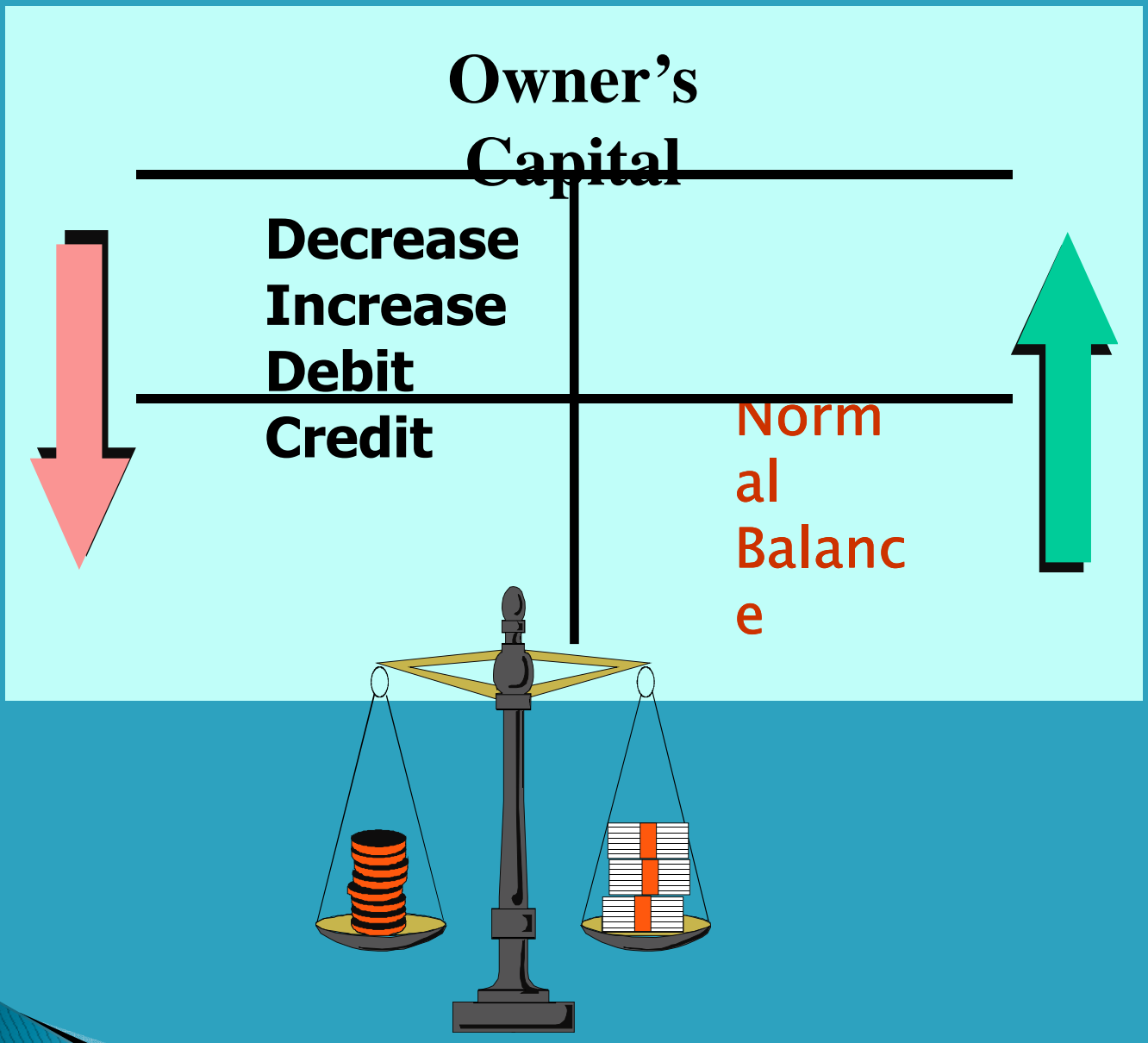
NORMAL BALANCE

- Every account classification has a normal balance, whether it is a debit or credit.
- For that particular account, the opposite side entries should never exceed the normal balance.

NORMAL BALANCES — ASSETS AND LIABILITIES



NORMAL BALANCE — OWNER'S CAPITAL



DEBIT AND CREDIT EFFECTS — ASSETS AND LIABILITIES

Debits	Credits
Increase assets	
Decrease assets	
Decrease liabilities	Increase liabilities



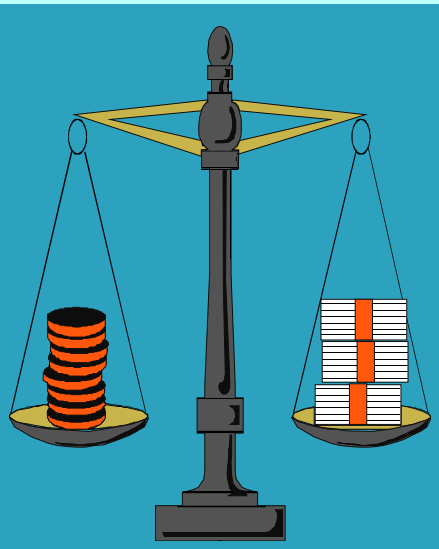
DEBIT AND CREDIT EFFECTS — OWNER'S CAPITAL

Debits	Credits
Decrease owner's capital	Increase owner's capital



DEBIT AND CREDIT EFFECTS — OWNER'S DRAWING

Debits	Credits
Increase owner's drawing	Decrease owner's drawing



NORMAL BALANCE — OWNER'S DRAWING

Owner's Drawing

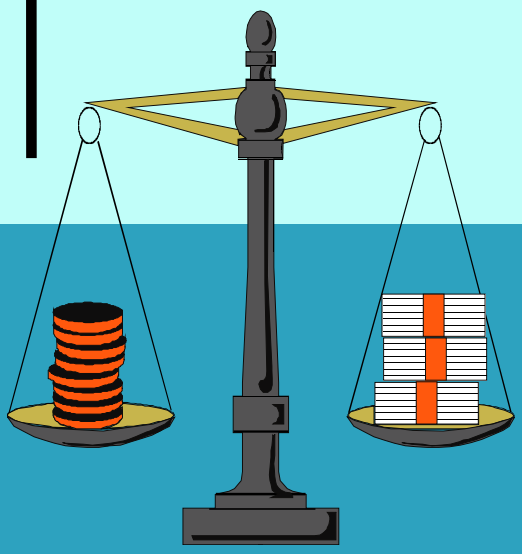
Increase

Decrease

Debit

Credit

Normal Balance

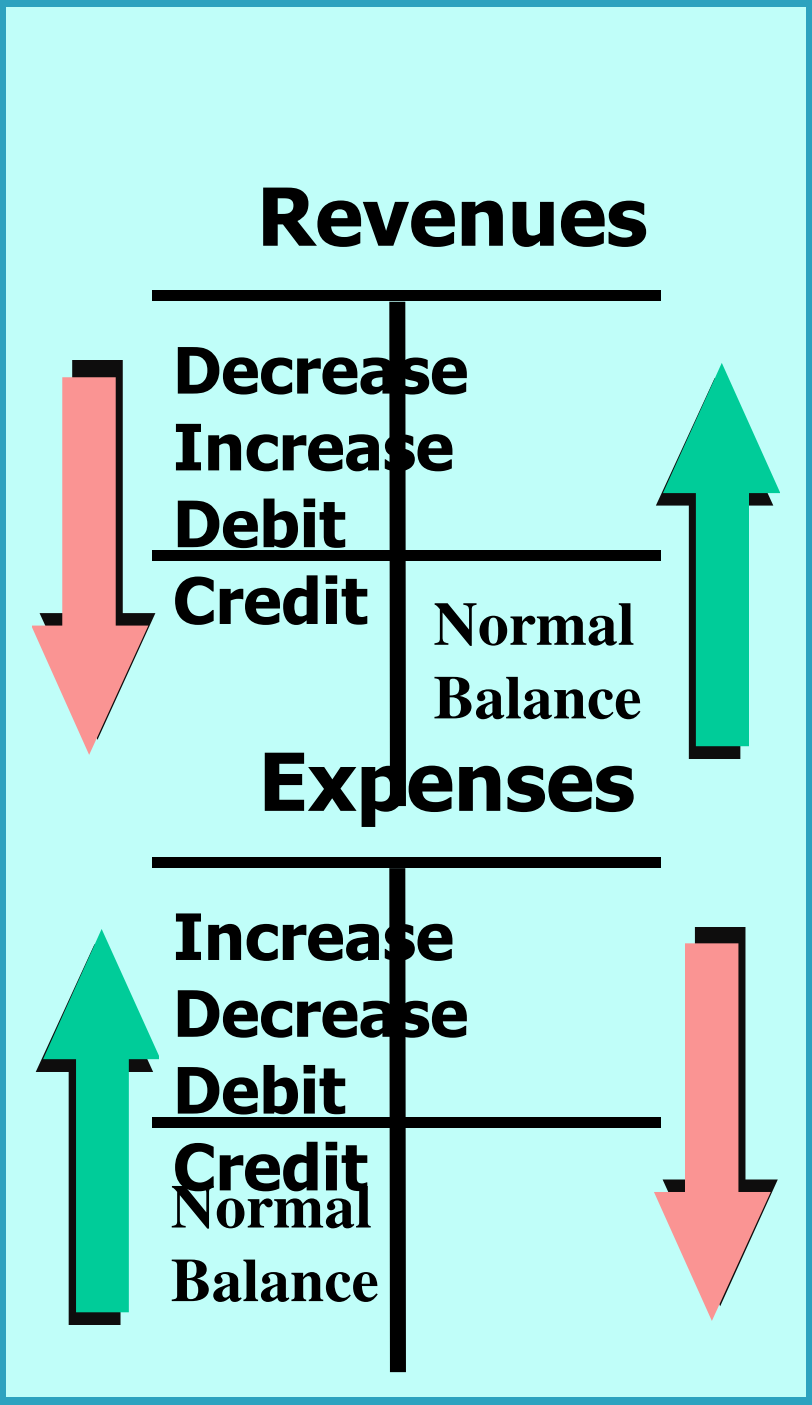


DEBIT AND CREDIT EFFECTS — REVENUES AND EXPENSES

Debits	Credits
Decrease revenues	Increase revenues
Increase expenses	Decrease expenses



NORMAL BALANCES — REVENUES AND EXPENSES



EXPANDED BASIC EQUATION AND DEBIT/CREDIT RULES AND EFFECTS

