Learning Module

Courses

EGKK 212 : 3 (2-1)

FUNDAMENTAL OF ACCOUNTING

MINISTRY OF EDUCATION, CULTURE, RESEARCH, AND TECHNOLOGY
UNIVERSITY OF LAMBUNG MANGKURAT
FACULTY OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL SOCIO-ECONOMICS
AGRIBUSINESS STUDY PROGRAM
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Courses

BASICS OF ACCOUNTING

EGKK 212: 3(2-1)

Teaching Team:

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FACULTY OF AGRICULTURE
UNIVERSITY OF LAMBUNG MANGKURAT

ACCOUNTING BASICS MODULE

1.	Course Name	: Basics of Accounting
2.	Code	: EGKK 212
3.	Holiday	: IV
4.	Credits	: 3 (2-1)
5.	Name of Supervisor	: Hj. Nina Budiwati SP., M.Si Mira Yulianti, SP, MSi Hj. Luki Anjardiani, SP., MP Karimal Arum Shafriani, SP., MP

	UNIVERSITY OF LAMBUNG MANGKURAT **FACULTY OF AGRICULTURE** **AGRIBUSINESS STUDY PROGRAM**	**Document Code**

SEMESTER LEARNING PLAN (SLP)

COURSE (MK)	**CODE**	**MK Family**	**WEIGHT (SKS)**		**SEMESTER**	**MK Prerequisites**
Basics of Accounting	EGKK 212	**Agribusiness**	**2**	**1**	**4**	-
AUTHORIZATION	**RPS Developer**		**Coordinator MK**		**Head of Study Program**	
	Basic Accounting MK Supervisory Team		Hj.Nina Budiwati,SP,MSi		Mira Yulianti, S.P., M.Si	

Learning Outcomes (CP)	**CP-PRODI charged to MK:**		
	P 1/PLO 4	Apply basic sciences, mathematics and basic agricultural sciences	
	P 3/PLO6	Apply quantitative and qualitative methodologies in agribusiness	
	Course Learning Outcomes (CLO): Through this course students are expected to be able to		
	CLO1	Explain about accounting and its environment	PLO 4
	CLO2	Deciphering the accounting cycle in service companies	PLO 6
	CLO3	Deciphering the accounting cycle in trading companies	PLO 6
	Final ability of each learning stage (Sub-CLO): Students are able to		
	Sub-CLO1	Describe an overview of accounting	CLO 1
	Sub-CLO2	Identify accounting and company activities	CLO 2
	Sub-CLO3	Create and compile accounting equations and financial statements	CLO 2
	Sub-CLO4	Categorize accounts and create general ledgers	CLO 2
	Sub-CLO5	Explain the accounting cycle – the stages of recording and compiling the column balance sheet	CLO 2
	Sub-CLO6	Categorizing the accounting cycle – the summarization stage	CLO 2

	Sub-CLO7	Identify the accounting cycle of a trading company	CLO 3
	Sub-CLO8	Create column balances, adjustment journals and financial statements of trading companies	CLO 3
	Sub-CLO9	Create a closing journal and a reverse journal of a trading company	CLO 3
	Sub-CLO10	Grouping and creating special journals for trading companies	CLO 3
Brief Description of MK	This Basic Accounting course is a course that studies the understanding of accounting and financial statements and financial analysis that can be used by students in everyday life and provides a strong foundation for students who will take other courses in business and finance. This course also provides basic knowledge for students about the accounting profession. The focus of this course is the importance of accounting information and financial statements as reporting media and systems that produce this information. This course consists of lectures and practicum. Practicum is a class practicum in the form of discussions and practice questions given after each lecture. Practicum is carried out in groups with members of 5-7 people per group. Each group is assigned to study and analyze each question given in accordance with the teaching material given in the lecture.		
Study Material: Learning Material	a) Introduction / Overview of Accounting b) Accounting and Corporate Activities c) Accounting Equation d) Account e) Accounting Cycle – Recording Stage f) Accounting Cycle – Summary Stage g) Accounting for Trading Companies h) Recording Method i) Column Balance, Journal of Adjustment and Financial Statements of Trading Companies j) Closing Journal and Reverse Journal of Trading Company k) Special Journal of Trading Companies		
Assessment Methods and Relation to CLO			

Components/Assessment Methods	Percentage (%)	CLO			Media
		1	2	3	
Task 1: Explain why accounting is often called the language of business	2	√			E_Learning Simari ULM

	Task 2: explain with examples of accounting and company activities	2	√			E_Learning Simari ULM
	Task 3: Do problems about accounting equations and prepare company financial statements	2		√		E_Learning Simari ULM
	Task 4: Do questions about accounts, prepare financial statements and balance sheets.	2		√		E_Learning Simari ULM
	Quiz 1: Meeting materials 2-5	2		√		E_Learning Simari ULM
	Task 5: Do questions about the recording stage, compile journals, financial statements and balance sheets	2		√		E_Learning Simari ULM
	Task 6: Do questions about the summary stage, compile adjustment journals, column balance sheets and financial statements.	2		√		E_Learning Simari ULM
	UTS	**35**	√	√		E_Learning Simari ULM
	Task 7: Do questions about the summarization stage, compile a closing journal, closing balance sheet and return journal	4		√		E_Learning Simari ULM
	Task 8: Work on questions about the accounting cycle of trading companies, make journals and financial statements perpetual and periodic methods	4		√		E_Learning Simari ULM
	Task 9: Make adjustment journals, column balances, financial statements of trading companies	2			√	E_Learning Simari ULM
	Task 10: Create a closing journal, closing balance sheet, reverse journal of a trading company	2			√	E_Learning Simari ULM
	Task 11: Create and group a special journal for trading companies	2			√	E_Learning Simari ULM
	Quiz 2: Meeting Material 7-14	2			√	E_Learning Simari ULM
	UAS	**35**		√	√	E_Learning Simari ULM
Book	**Main:**					
	1. S.R, Soemarso.2009. Akuntansi Suatu Pengantar. Buku I Edisi V. Penerbit Salemba Empat. Jakarta.					

	2. Jusup, Haryono. 2001. Dasar-dasar Akuntansi. Jilid 1 Edisi ke 6. Bagian Penerbitan Sekolah Tinggi Ilmu Ekonomi YKPN. Yogyakarta. 3. Lubis, Rahmat Hidayat. 2017. Cara Mudah Menyusun Laporan Keuangan Perusahaan Jasa. Penerbit Andi. Yogyakarta. 4. Purba, Despaten Rosadani. 2013. Mudah Memahami Jurnal Penyesuaian. Penerbit Andi. Yogyakarta.
	Supporter:
	1. Haiman, Hendra, dkk. 2019. Pengantar Akuntansi 1: Edisi 3. Madenatera. Medan
Lecturer	1. Hj. Nina Budiwati, SP, MSi 2. Hj. Luki Anjardiani, SP, MP 3. Mira yulianti, SP,MSi 4. Karimal Arum Shafriani, SP, M.P

Mg To-	**The final ability of each learning stage (Sub-CLO)**	**Assessment Methods**		**Help Learning, Learning Methods, Student Assignments**		**Learning Materials**	**Assess ment Weight (%)**
		Indicator	**Criteria & Forms**	**Luring (*offline*)**	**Daring (*online*)**		
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
1	Students are able to understand their rights and obligations in lecture activities	Accuracy in explaining concepts in lecture contracts	Non-test assessment with unstructured observation	- **Lecture;** - **Talk plus** [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	- Student Academic Portal : https://portal.ulm.ac.id/profil/mahasiswa	- Introduction - The role of accounting in everyday life	**0**
2	Students are able to explain about the Accounting Overview	Accuracy in identifying accounting as an information system	Test scoring with a limited description written test using Benchmark	- **Lectures**; - **Lecture plus**, **small group discussion;** (1x (2x50")	- Upload assignments via ULM E-Learning: https://simari.ul	- Usefulness of accounting information - Accounting Definition	**2**

			reference assessment (PAP)	- **Task 1**: Explain why accounting is often called the language of business [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	m.ac.id/site/elearning - Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Users of accounting information - Occupations and fields2 accounting	
3	Students are able to explain about Accounting and Company Activities	- Accuracy and suitability in identifying the form of the company - Completeness of parts of the company's activities	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lectures**; - **Lecture plus, small group discussion**; - **Responses;** - **Small grup discussion, cooperative learning** - **Task 2**: Explain the accounting and activities of the company with examples [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	- Upload assignments using ULM E-Learning: https://simari.ulm.ac.id/site/elearning - Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Accounting Process - Definition of company and form of business entity - Corporate activities and accounting	**2**
4	Students are able to explain accounting	Accuracy in compiling accounting	Test scoring with a limited description written test using	- **Lecture;**	- Upload assignments via	-Business transactions and transaction value	**2**

	equations and financial statements	equations and financial statements	Benchmark reference assessment (PAP)	- **Lecture plus, small group disscusion** [TM: 1 x (2x50")] - **Responses;** - **small grup discussion, cooperative learning** - **Task 3** : Do problems about accounting equations and prepare company financial statements [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	: ULM E-Learning : https://simari.ulm.ac.id/site/elearning - Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	-Accounting Equation Financial Transaction Recording Financial Statements	
5	Students are able to explain about accounts	- Accuracy in identifying accounts - Accuracy in compiling balance sheet	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning**	Upload via : ULM E-Learning : https://simari.ulm.ac.id/site/elearning - Student Academic Portal :https://portal.ul	-Accounts and General Ledger Account form and classification General Ledger Credit debit rules Normal balance and balance sheet	**4**

				- **Task 4** : Do questions about accounts, prepare financial statements and balance sheets. - Quiz 1: Meeting 2-5 [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	m.ac.id/profil/mahasiswa		
6	Students are able to explain the accounting cycle – recording stage	- Accuracy in making proof of transaction - Accuracy in compiling General Journal and Balance Sheet and Financial Statements	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning** - **Task 5** : Do questions about the recording stage, compile	- Upload assignments via ULM E-Learning: https://simari.ulm.ac.id/site/elearning - Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Accounting Cycle - Proof of Transaction - General Journal - Balance Sheet	**2**

				journals, financial statements and balance sheets [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]			
7	Students are able to explain the accounting cycle – the summary stage	Accuracy in compiling adjustment journals and column balances	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning** **Task 6**: Do questions about the summary stage, compile adjustment journals, column balance sheets and financial statements. [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	-Journal of Adjustment Lane Balance Financial Statements	**2**
8	**Midterm Evaluation/ Midterm Exam**						**35**

9,10	Students are able to explain the accounting cycle – the summary stage	Accuracy in making closing journals, closing balance sheets and return journals	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning** - **Task 7** : Do questions about the summarization stage, compile a closing journal, closing balance sheet and return journal [TM:(1x (3x50”)] [TS: (1x(3x60”)] [BM: (1x (3x60”)]	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	-Closing Journal Closing balance sheet Reverse journal	**4**
11,12	Students are able to identify the accounting cycle of trading companies	Accuracy in identifying the accounting cycle of trading companies	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses;**	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning	- Recording Method (perpetual and periodical)	**4**

				- **Small grup discussion, cooperative learning** - **Task 8** : Work on questions about the accounting cycle of trading companies, make journals and financial statements perpetual and periodic methods [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Financial Statements perpetual and periodic methods	
13	Students are able to make column balances, adjustment journals and financial statements of trading companies	Accuracy in making column balances, adjustment journals and financial statements of trading companies	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning**	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Adjustment Journal - Lane Balance - Financial Statements	**2**

				- **Task 9** : Make adjustment journals, column balances, financial statements of trading companies [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]			
14	Students are able to make closing journals, closing balance sheets, and reverse journals of trading companies	Accuracy in making closing journals, closing balance sheets, and trading company return journals	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lecture;** - **Lecture plus, small group disscusion** - **Responses** - **Small grup discussion, cooperative learning** - **Task 10** : Create a closing journal, closing balance sheet, reverse journal of a trading company - Quiz 2: Meeting Materials 9-14 [TM:(1x (3x50")]	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Closing Journal - Closing balance sheet - Reverse journal	**4**

				[TS: (1x (3x60")] [BM: (1x (3x60")]			
15	Grouping and creating special journals for trading companies	- Accuracy in grouping and creating special journals for trading companies	Test scoring with a limited description written test using Benchmark reference assessment (PAP)	- **Lectures**; - **Lecture plus, small group disscusion ;** - **Responses;** - **Small grup discussion, cooperative learning** - **Task 11** : Create and group a special journal for trading companies - Quiz 2: Meeting Materials 9-14 [TM:(1x (3x50")] [TS: (1x(3x60")] [BM: (1x (3x60")]	Upload assignments, via: ULM E-Learning: https://simari.ulm.ac.id/site/elearning Student Academic Portal :https://portal.ulm.ac.id/profil/mahasiswa	- Assortment of specialized journals - Grouping transaction records into special journals.	**2**
16	**End of Semester Evaluation / End of Semester Exam**						**35**

MODULE 1

Accounting Overview

Special Objective : Students are able to explain about Accounting Overview

Accounting Fields

Public Accounting Internal Accounting

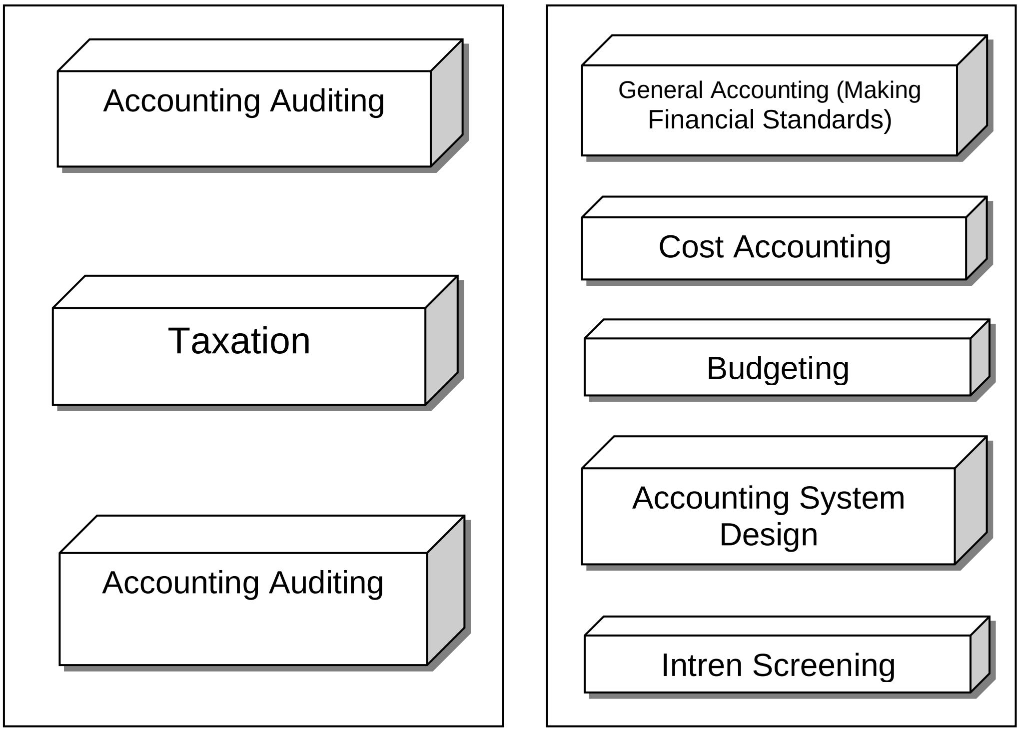


Figure 1.1. Areas of accounting

In various accounting literature, the division of accounting is often simplified into two groups called financial accounting and management accounting.

Financial accounting is accounting that primarily aims to produce financial statements for the benefit of outside parties. What is meant by outsiders is parties outside the company's management, such as investors, creditors, government bodies and other outside parties.

Management accounting is accounting that primarily aims to produce information for the benefit of management. The type of information required in management is in many ways different from the information required by outsiders. Generally, information for management purposes is very in-depth, and is necessary for making various management decisions. This kind of information is usually not made public.

From the description above, it can be seen that accounting information is needed by various parties with different interests. To serve these various interests requires various specialized areas in accounting. The process of reporting accounting information to various parties by various accounting fields is shown in Figure 1.1. In this picture, it can be seen that the process of reporting accounting information is carried out through four channels, namely: (1) the report path for management, (2) the report path for taxation, (3) the special report track, and (4) the financial statement track. The discussion in this book will emphasize data processing to produce financial statements (line 4) which is the field of financial accounting.

PRACTICE QUESTIONS

1. What areaccounting-related activities?
2. Why is accounting called the language of business?

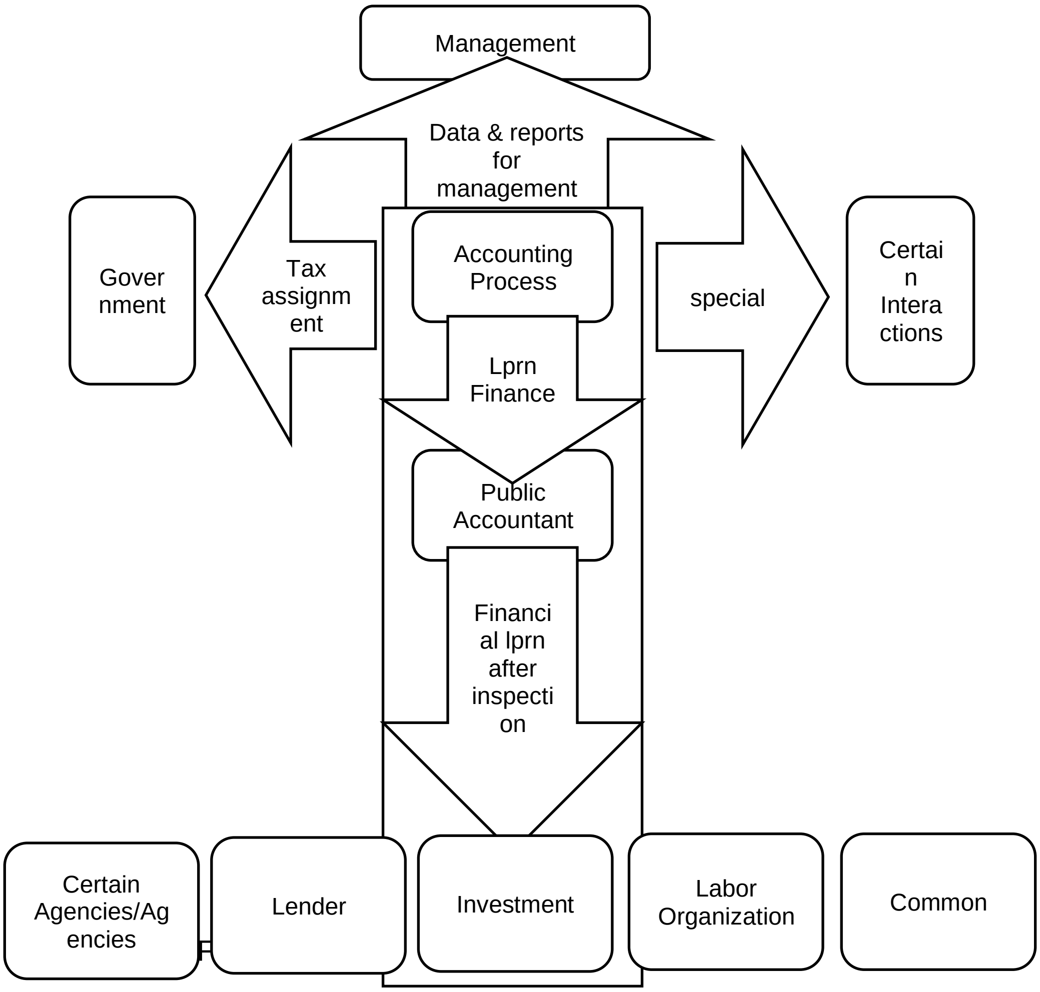
MODULE 2

Accounting and Writing Activities

Special Objectives : Students are able to explain about Accounting and Company Activities

Accounting Process

Financial statements are the result of the accounting process. In the definition above, it is stated that accounting is a process that includes (recording, (2) classifying, (3) summarizing, (4) reporting and (5) analyzing financial data from an organization. Recording and classification activities are processes that are carried out routinely and repeatedly every time a financial transaction occurs. While rereporting and analysis activities are usually only carried out at certain times.



Routine recording and classification activities can be done handwriting by small companies, some are done with automatic machines in large companies. Technological developments show that the use of bookkeeping machines and computers to process accounting data is increasingly in both large and medium-sized companies. Which accounting recording method to use in an organization, whether the method is handwritten, mechanical or electronic depends on various factors. Important things must be considered the amount of data that must be processed, and the amount of costs that must be incurred in using each method.

Organizational Forms of the Company

Accounting relates to the activities of for-profit organizations and non-profit organizations, but is very prominent in profit-seeking organizations or commonly called corporate and corporate organizations.

Accounting procedures depend on the form of organization, before studying accounting it is necessary to study and understand the organizational forms of companies that are often in society, such as individual companies, partnerships.

1. Individual companies, companies owned by one person such as doctors, lawyers and accounting firms.
2. Fellowship, a corporate organization that is a combination of several people (more than one person) business owner using the joint name of the owner called allies or partners. Fellowship in the business world in Indonesia is Firm and CV.
3. The Company, a company whose capital consists of shares. Each shareholder is the owner of a company whose liability is limited to the amount of shares he owns.

In Indonesian accounting principles, there are three rules (concepts) that need to be considered, including:

Entity Principle (business unity). In terms of accounting, between one business unit and another business unit or with its owner, there is a firm dividing line. Business activities are recorded separately from the activities of interested parties. These entities can be car dealerships, convenience stores, grocery stores, etc.

The principle of objectivity. Accounting records and reports should be based on reliable data as reports that promise precise and useful information. Data that can be trusted is data that can be checked for truth.

Cost Principle. Property or services purchased or used must be recorded on the basis of actual costs. Although buyers know that prices may still be negotiable.

For example, let's say we buy a radio from a store that sells sales because it is about to be disbanded. The sale price of the radio is Rp. 50,000.00 while the normal price is Rp. 80,000.00 because in the transaction we only pay Rp. 50,000.00 then this radio will be recorded at a price of Rp. 50,000.00 not Rp. 80,000.00 even though we know that the normal price of the radio is Rp. 80,000.00.

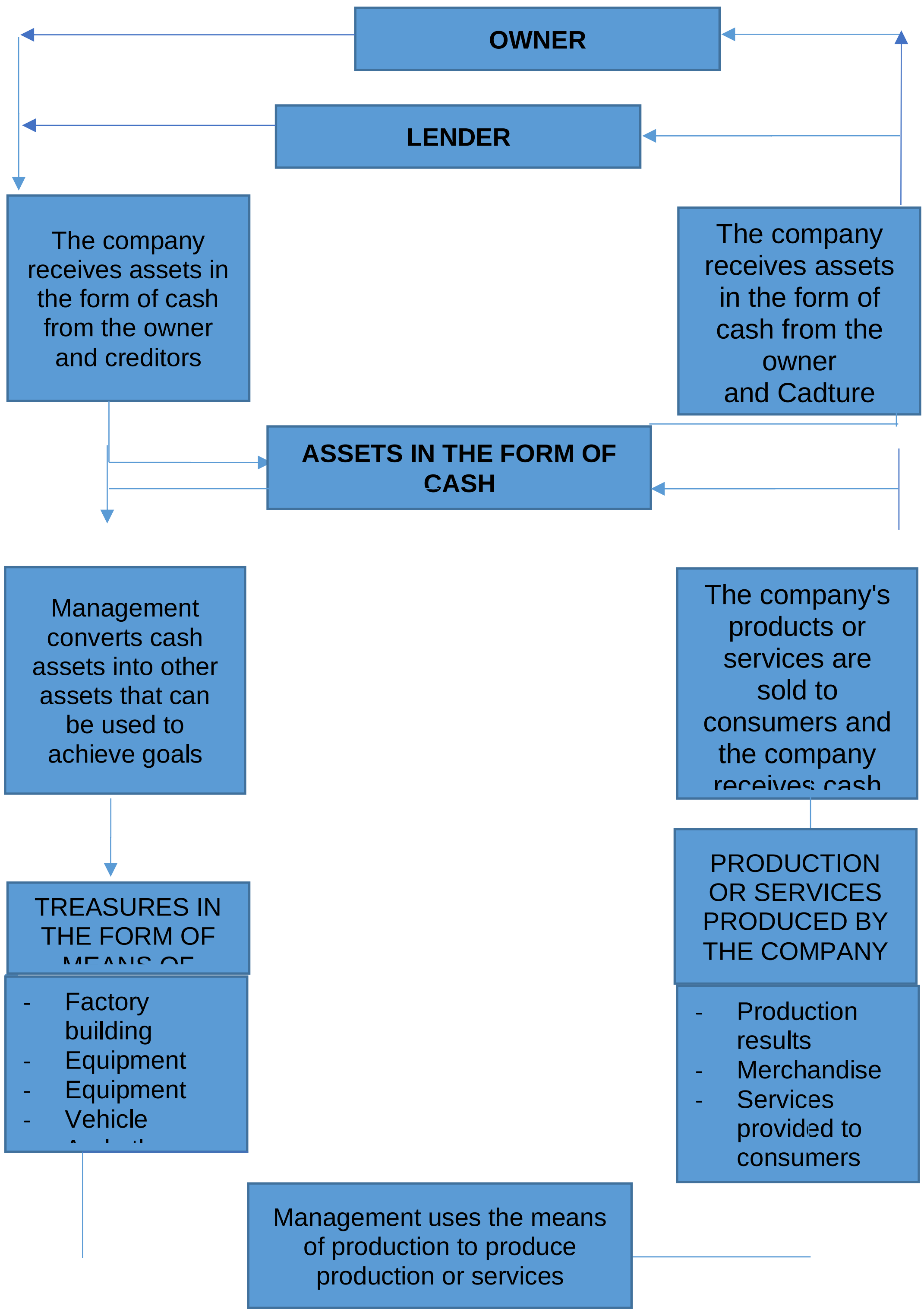
Financial Transactions

Discusses how to record financial transactions, from the time the transaction occurs to become a financial statement. As an organization aimed at making a profit, the company strives to produce goods and services that consumers will sell at favorable prices. To be able to carry out these activities requires the means and funds for the company's success to obtain the desired profit determined by various related factors. To get an overview of various financial activities in the company, try to imagine the furniture company founded by Mr. Budiman below.

Mr. Budiman intends to establish a furniture company. To implement the plan, Mr. Budiman needed buildings as workplaces and offices, raw materials in the form of wood, a number of labor, sawing machines and work tools, and other needs. According to Mr. Budiman's calculations, in the first stage, Rp.15,000,000.00 is needed so that all these needs can be provided. At this time Mr. Budiman only had money (in money accounting called "cash") amounting to Rp.10,000,000.00. To cover the shortfall, Mr. Budiman borrowed Rp.5,000,000.00 from the bank. Thus the company already has the cash needed to start a business.

Mr. Budiman bought a building to be used as a workplace and warehouse, various work equipment. In addition, wood and other materials needed to make furniture are also purchased. A number of builders have also been hired and started this furniture company to produce. The production will then be sold to consumers. Some money has already begun to flow into the company. The incoming cash is used for further production. Thus, to carry out production activities, cash expenditures are needed, and if there is a sale, the cash will go back to the company. If the cash that has been collected is sufficient for production purposes, then the cash can be used to pay debts to creditors or handed over to the owner of the company as part of the profit. The flow of activities that occur in this company appears as shown in figure 2.2.

The activities described in the example above are, in effect, in fact occur in almost all companies. Activities such as receiving deposits from owners, borrowing money from companies, buying buildings and equipment, buying materials, paying employee salaries, and selling goods, are called financial transactions. Although the business fields and scale of the company vary, in essence the company's activities always revolve around the use of a number of assets in productive businesses so that sales can be made and profits can be obtained.


OWNER
LENDER
The company receives assets in the form of cash from the owner and creditors
The company receives assets in the form of cash from the owner and Cadture
ASSETS IN THE FORM OF CASH
Management converts cash assets into other assets that can be used to achieve goals
The company's products or services are sold to consumers and the company
TREASURES IN THE FORM OF
- Factory building
- Equipment
- Equipment
- Vehicle
PRODUCTION OR SERVICES PRODUCED BY THE COMPANY
- Production results
- Merchandise
- Services provided to consumers
Management uses the means of production to produce production or services

PRACTICE QUESTIONS

1. Why is the concept of entity the most fundamental concept in Indonesian accounting principles?
2. Why is the principle of objectivity necessary in accounting principles?

MODULE 3

Accounting Equation

Special Objective:	Students are able to explain accounting equations

The Relationship Between Wealth and Sources of Wealth

Company assets can come from company owners called capital, and can also come from loans called liabilities examples such as figure 3.1 illustrate the source of company assets.

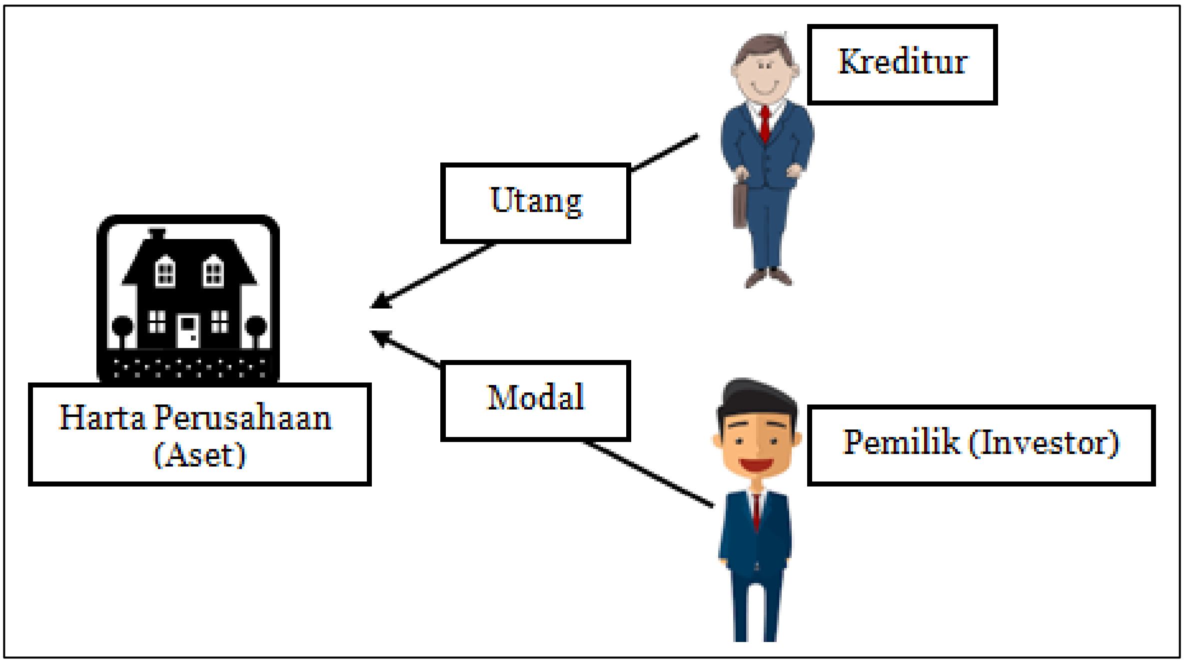


Figure 3.1. The relationship of property to the source of property

It can be concluded that the company's assets are equal to the sum of the components of liabilities and capital. The company's transactions will affect the sum of these components, but the amount of assets will always be equal to the amount of liabilities and capital.

Financial Statements and Accounting Equations

One of the main functions of accounting is to provide periodic reports for management, investors, creditors, and other parties outside the company. The main financial statements resulting from the accounting process are the balance sheet and profit and loss statement. **The balance sheet** is made to describe a financial position of an organization at a certain moment. **The income statement** describes the results of internal operations achieved in a certain period of time.

Balance

Balance sheet or often called the statement of financial position is a list that describes an asset, liability and capital owned by a company at a certain time.

The title of a person consists of (1) the name of the organization or company, (2) the name of the report (in this case the balance sheet), and (3) the date of the balance sheet. The balance sheet body or the contents of the report consists of three parts, namely: assets, liabilities, and capital. From the report, it can be concluded that the source or wealth of the company amounted to Rp. 76,000,000.00 and even this wealth came from two sources, namely Rp. 24,000,000.00 from credit (debt) and Rp. 52,000,000.00 from company owners (capital). The side next to the balance sheet can also be called **Pasiva** which consists of two parts, namely the occurrence of creditors (debt) and the obligations of the owner (capital).

Safe Transport Company Balance December 31, 1996	
Active	**Obligation**
Cash Rp. 4.000.000,00	Accounts PayableRp. 2.000.000,00
Accounts Receivable 3,000,000.00	Hypolic DebtRp. 22,000,000.00
Equipment 1,000,000.00	IDR 24,000,000.00
Land 8,000,000.00	
Building 40,000,000.00	
Vehicles 20,000,000.00	**Capital**
	Bambang Capital Rp. 52.000.000,00
Total Assets 76,000,000.00	Jml Pasiva Rp.76,000,000.00

Accounting equation, which is an equation that shows the amount of assets or sources listed on the left side comes from creditors and owners. While the contribution of creditors and owners must be equal to the amount of company assets. Like the following equation:

Assets = Liabilities + Capital
(Company Assets) = (Obligations to Creditors) + (Obligations of Owners)
IDR 76,000,000.00 = IDR 24 .000.000,00 + Rp52.000.000,00

Explanation related to the above balance sheet elements in more depth:

- Assets are sources of wealth owned by companies which are usually expressed in units of money. The wealth of this company can be in the form of tangible goods, bills such as accounts receivable, as well as advance payments (down payments) such as insurance premiums. In this asset balance sheet is presented in a certain order where the components of current assets such as cash, accounts receivable, inventory and so on, and then followed by fixed assets such as land, buildings, machinery and so on. This happens because current assets are assets with a period of under 1 year in contrast to fixed assets where the assets have a period of more than 1 year and are more permanent.
- Obligations, are debts that must be paid to creditors in the future. In balance sheet reporting, the placement of the order of debt repayment to creditors is the same as the order of assets where current or short-term debt takes precedence such as accounts payable, money order debt and so on. After that, it is followed by long-term debt such as mortgage debt and bond debt.
- Capital, is the company's property rights to the company's wealth (assets). The amount of the owner's rights is the difference between assets and liabilities that have been reduced by the obligations of creditors.
- Laporan profit and loss, is a picture of the success or failure of the company's operations in a certain period. The benchmark for the operational results of a company is to compare the company's revenue with the costs incurred. If the company's revenue is greater than the costs incurred, it can be said that the company earns profits and if vice versa, the company suffers losses. For example, the income statement:

Safe Transport Company
Income Statement
For the Year Ended December 31, 1996

Freight Revenue.. IDR 10,000,000.00
Operating Costs :
Employee Salaries .... IDR 1,200,000.00
Gasoline &; Oil.. 800.000,00
Repair & Maintenance............................ 500.000,00
Vehicle Depreciation............................... 2.000.000,00
Insurance.. 100.000,00
Total Operating Expenses. 4.600.000,00
Net Profit.. IDR 5,400,000.00

The income statement should be titled, as in the income statement example above. Where there is a company name, report name, and report period. The content of the income statement consists of three main components, namely revenue, costs and profit / loss.

- Income, is the receipt of cash or other assets obtained from consumers as a result of the sale of goods or the provision of services.
- Cost, is the cost of goods sold and services consumed to generate income.
- Profit / loss, is the difference between revenue and costs.
- Capital Change Report,

The company's operating results in the form of profit / loss will affect the owner's capital. Because when you make a profit, there will be an increase in the owner's capital and when there is a loss, it can make the owner's capital decrease. The owner's capital can also change if there is additional investment or the taking of company assets for personal company (prive). Example of a capital change report:

Transport Company "Safe"
Capital Change Report
For the Year Ended December 31, 1996

Capital, January 1, 1996 .... IDR 48,600,000.00		
Addendum: Profit in 1996 .....Rp.	5.400.000,00	
		Rp. 54.000.000,00
Less: Prive Take...... Rp.	2.000.000,00	
Capital, December 31, 1996 ....Rp.		52.000.000,00

Financial statements between each other have a very close relationship but even so financial statements still have different purposes from each other.

PRACTICE QUESTIONS

Question 1

Below are the activities carried out by the "Accounting Course Can Definitely Can".

A. Pak likes to invest in accounting courses, it can definitely be IDR 20,000
B. Withdraw credit from bank IDR 8,000
C. Buy tables, chairs, whiteboards and other equipment IDR 24,000
D. Pay the advertising fee of Rp 800
E. Receive course money from participants IDR 2,400
F. Pay teacher honorarium IDR 2,000
G. Pay employee salary Rp 800
H. Installment bank credit Rp 400
I. Taking money for personal use Rp 800

Asked:

a. Record the transaction according to the following accounting equation, namely:
   Cash + Equipment = Bank Debt + Capital
b. Prepare financial statements consisting of balance sheets, income statements and statements of changes in capital

Question 2

On January 1, 200X Yusuf opened a tax consular office under the name "Yusuf Tax Consulate Office". The following transactions occurred during January 200X.

A. Invested IDR 15,000 in cash into the company
B. Purchased office equipment IDR 3,000
C. Paid for January 200x Rp 150
D. Purchased office supplies on credit IDR 150 to Toko Indah
E. Received tax management honor for a subscription IDR 1,000
F. Employee salary Rp 600

G. Paid phone and electricity bills Rp 50
H. Paid debt to Toko Indah Rp 100
I. Equipment used Rp 40
J. Taking money for personal use Rp 200

Asked:

a. Record the transaction according to the following accounting equation, namely:
   Cash + Equipment + Equipment = Accounts Payable + Capital
b. Prepare financial statements consisting of balance sheets, income statements and statements of changes in capital.

MODULE 4
Account

Special Purpose: Students are able to categorize various accounts

Account as a Recording Tool

Account is one of the tools to record financial transactions related to assets, liabilities, capital, income and costs. The purpose of using the account is to record data that will be the basis for preparing financial statements. Accounts provide information about the company's day-to-day operations. For example, from the account can be known the amount of company receivables to debtors, the amount of company obligations to creditors, the purchase price of assets purchased by the company, sources and the amount of income. The collection of accounts used in the books of a company is called a ledger or ledger. In the general ledger, the accounts are usually arranged in a certain order, namely the accounts for the balance sheet are arranged at the front and after that only the accounts will be included in the profit and loss statement.

Account Classification

Basically, the accounts are divided into 2 major classifications, namely:

1. ***Balance*** sheet accounts or commonly called ***real* accounts** are accounts that at the end of the period will be reported to the balance sheet. In accordance with the foregoing, asset accounts (assets), liability accounts (debt) and capital accounts.
2. ***Profit*** loss accounts or commonly called ***nominal*** accounts, namely accounts that at the end of the period will be reported in the profit and loss statement. These accounts include income accounts and expense accounts. The classification of accounts can be explained in the scheme as follows:

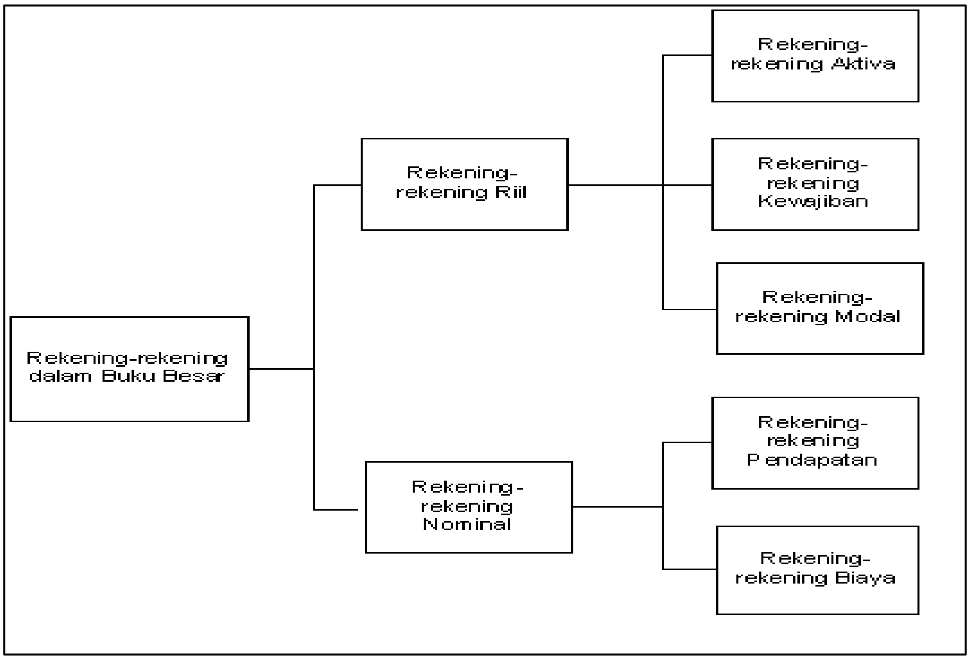


Figure 4.1. Division of account types

Account Name

Each account should be given a clear name, so it's easy to know what's going into each account. The description of the names of accounts can be seen from the contents of financial statements.

The amount of nominal accounts will depend on the extent to which the types of income and expenses are detailed, so that the best supervision can be carried out.

Form and Fill in Account

Actually, accounts have various forms, but the most widely used (especially for the purpose of explaining the mechanism of using accounts in accounting lessons) is an account in the form of T. This account consists of two sides, namely the left side called the debit side and the right side called the credit side. In simple terms the form of account can be described as follows:

Account name

(Debit side)	(Credit side)

Recording on the left side is called debiting the account, while taking notes on the right side is called crediting the account. more fully the form of account T can be described as follows:

Account Name

date	information	F	sum	date	information	F	sum
	Discharge side				**Credit side**		

The account name is listed above and written in the middle of the date column provided to record the date of the transaction, while the information column is provided to record information related to the recorded transaction. the use of column F will be described later.

The following is an example of a cash account that has been used by the salon "Cantik" to record transactions in December 1996.

That							
Date	Information	F	Sum	Date	Information	F	Sum
1996 Some 1 15	 Capital Deposit Recipients of receivables		 20.000 700 20.700	1996 Some 1 1 5 31 31 31	 Salon Equipment Debt Repayment Pay Rent Pay Salary Pay for Electricity Without		 10.000 2.000 300 450 400 600 13.750

The example of an account above shows a function of an account as a transaction search tool. Information recorded in the cash account only concerns transactions that affect cash, either in the nature of adding or subtracting cash. For an asset account such as cash, the left side (debit) is used to record additions to cash while the right side (credit) is used to record cash deductions.

At the end of each month, the remaining debits and credits are added up and then the amount is written in pencil. The figures Rp.20,000.00 and Rp.13,750.00 in the Cash account example above, respectively, show the amount of the debit side and the amount of the credit side of the account. From these two figures, it can be calculated the amount of cash at the end of December 1996, namely by finding the difference between the debit side and the credit side amount. The difference between an account (in the example above is Rp.6,950.00) is called the account balance.

Accounts that show a balance at the end of the period are called open accounts, while accounts that do not show a balance are called *closed accounts*. If the debit side of an open account is greater than the credit side amount, then the account is said to have a debit balance, while if the credit side amount is greater than the debit side amount, then the account is said to have a credit balance.

Account Properties

The properties of Rill's account. That the left side of the asset accounts is used to record accruals and the right side is used to record subtractions. In addition, it has also been explained that the procedure for using debt accounts and capital accounts is opposite to asset accounts. Thus the debit side can show an increase and can also decrease, depending on the type of account. Similarly, the credit side can show an increase or decrease. The rules for debiting and crediting for accounts can be stated as follows:

DEBIT	CREDIT
Accrual in asset accounts	Deductions in asset accounts
Deductions in debt accounts	Increase in debt accounts
Deductions in capital accounts	Increase in capital accounts

The effect or effect of transactions is usually not expressed in terms left and right, or taking and subtraction, but rather using the terms debit and credit. The rules of debiting and crediting can also be expressed in relation to the equation of accounting and balance sheet in the form of accounts. In the following diagram, a (+) sign is used to express addition and a (-) sign for subtraction.

Balance

Active

Asset accounts

Debit (+)	Credit (-)

Obligation

Liability accounts

Debit (-)	Credit (+)

Capital

Capital accounts

Debit (-)	Credit (+)

Properties of Nominal Accounts

The rules of debiting and crediting for income and expense accounts, are based on the relationship of those accounts to capital. Net income or net loss in a period as shown in the income statement, is a net increase or net reduction in capital. In order for data collection to prepare profit and loss statements to be done easily, general ledgers must be created accounts to record income in expenses.

Since income tends to increase capital and costs tend to decrease capital, the debiting and crediting arrangements for income and expense accounts when linked to capital accounts will look like the following diagram:

Capital Account

Debit (+)

Expense accounts

Debit (+)	Credit (-)

Credit (-)

Revenue accounts

Debit (-)	Credit (+)

At the end of the accounting period, the balances of income and expense accounts are reported in the income statement. The nominal account balances in the general ledger are then transferred to a summary income and expense account called a Profit and Loss account. The balance of the profit and loss account describes the profit or loss for the period in question then transferred to the capital account.

The balance of income and expense accounts will end up in the Loss – profit account which will then be transferred to the capital account, so there will be no nominal account balance that will be carried over to the next period. The balances of real accounts at the end of the eriode will be carried over to the next accounting period as the initial balance

Balance-Balance Account

An account is a tool for recording additions and subtractions in units of money. Additions are recorded on one account and deductions on the other. The rules for debiting and crediting as well as the general balances of various types of accounts can be seen as follows:

Account types	Accretion	Reduction	Balance
Active	Debit	Credit	Debit
Obligation	Credit	Debit	Credit
Capital	Credit	Debit	Credit
Income	Credit	Debit	Credit
Cost	Debit	Credit	Debit

Balance Sheet

To test the correctness of this debate and crediting, at the end of a certain period a balance sheet must be made, which is meant by balance sheet is a list containing the balances of all accounts in the general ledger at a certain time. The purpose of making a balance sheet is:

1. To test the similarity of debits and credits in the general ledger
2. To facilitate the preparation of financial statements

The balance sheet can be made at any time after recording a transaction, but for practical purposes the balance balance is usually made at the end of each month. The process of creating a balance sheet. The preparation of the balance sheet can be done in the following ways:

1. First add up the debit column and credit column of all accounts in the general ledger

2. Fill the result of the sum in the appropriate column in the account concerned.

3. Calculate the balance of all accounts contained in the general ledger, namely by finding the difference in the number of debit columns and the number of credit columns.

4. Compile a balance sheet containing the names of all accounts contained in the general ledger and their respective balances that have been determined in point three above

For example, the following is the balance sheet of the Safe Transport Company for the first quarter of October 1996, the data of which is quoted from the company's books (see pages 84-85).

U"SAFE" TRANSPORT COMPANY
Balance Sheet
21 October 1996

Account Name	Balance	
	Debit	Credit
That	IDR 1,976,000.00	-
Office Supplies	4.000.00	-
Office Equipment	150.000,00	-
Motor vehicle	4.500.000,00	-
Soil	1.000.000,00	-
Accounts Payable	-	IDR 150,000.00
Bob Capital	-	7.550.000,00
Prive, Bob	15.000,00	-
Freight Revenue	-	138.000,00
Building Rental	15.000,00	-
Cost of Besin and Oil	110.000,00	-
Employee salaries	60.000,00	-
Various Fees	8000,00	-
	IDR 7,838,000.00	IDR 783,000.00

Above it was mentioned that one of the purposes of making a balance sheet is to test the balance (security) of the debit side and the credit side. The match of the debit side and the credit side must always be maintained. However, the debit side and the credit side are the same, this does not mean that everything is correct, because there are certain errors that will not affect the balance of debit and credit, namely:

1) Transactions are not recorded in the general ledger

If there are transactions that are not recorded in the general ledger, because they forget or are deliberately not recorded, then the balance of account balances will not be disturbed. Although the amount of credit and debit is the same, the amount does not show the same amount.

2) Error recording "dollar amount" in the general ledger

   If there is an error in recording the amount of rupiah, and the error occurs when debiting or crediting, then the error will not interfere with debiting and crediting.

3) Debiting or crediting into the wrong account

4) Mistakes that cover each other

Causes of balance sheet imbalance. If the balance sheet compiled by the company shows that the amount of the debit side is not the same as the amount of the credit side. Some possible causes of the imbalance:

1) Errors in compiling the balance sheet
   a. Incorrectly summing the balance column
   b. The existence of one or more accounts, which have not been included in the balance sheet or misstated the amount of the balance.

2) Error in determining account balance
   a. Debit and credit balances are written upside down
   b. miscalculated the amount on one of its sides.

3) Error recording transactions in the general ledger.
   a. Different debiting and crediting amounts
   b. There is a misplacement between debit and credit that is reversed.
   c. Forgetting to record a record or debit.

PRACTICE QUESTIONS

Question 1

The following transactions took place during July 200X, the first month of activity of barber "Herman"

a. Herman invested Rp 2,000 into the company.
b. Pay the rental for July 200X Rp 90.
c. Bought equipment Rp 600.
d. Buy equipment on credit Rp 25.
e. Receive money from Rp 150 subscription.
f. Pay employee salary Rp 35.

g. Pay electricity load Rp 15.
h. Equipment used Rp 20.
i. Pay various expenses Rp 10.
j. Herman took the money for personal use Rp 50.

Asked:

a. Record the above transactions according to debit and crediting rules.
b. Create the following T accounts: Cash, Equipment, Equipment, Accounts Payable, Capital, Prive, Service Income, Salary Expense, Electricity Expense, Equipment Expense, Rental Expense and Sundries Expense.
c. Compile Balance Sheet as of August 31, 2001.
d. Prepare financial statements: income statement, statement of changes in capital and balance sheet.

Question 2

Himalayan Service Company was founded on August 1, 2001 by Mr. Fariz. The transactions that occur are:

1. Mr. Fariz deposited Rp 140,000,000.00 and a vehicle worth Rp 70,000,000.00
2. Paid office rent IDR 3,500,000.00
3. Paid advertising fee IDR 1,000,000.00
4. Purchased office equipment from Toko Abadi for IDR 35,000,000.00. 10% is paid in cash, the rest is paid in the near future
5. Received service income IDR 4,200,000.00
6. Purchased office supplies IDR 1,200,000.00
7. Purchased office equipment from Kintamani Store IDR 14,000,000.00 on credit
8. Completed an order worth IDR 10,000,000.00 for Toko Minahasa, but the money has not been received
9. Paid official travel expenses IDR 1,600,000.00
10. Paid all debts to Toko Abadi
11. Received part of the receivables from Toko Minahasa amounting to Rp 5,000,000.00
12. Completed an order worth IDR 8,100,000.00 for the Chatarina Store, but the money has not been received
13. Paid official travel expenses IDR 6,000,000
14. Mr. Fariz took money for personal use of Rp 10,000,000.00
15. Paid employee salary this month IDR 13,000,000.00

Asked:

a. Record the above transactions according to debit and crediting rules.

b. Create a T account on the general ledger
c. Compile Balance Sheet as of August 31, 2001.
d. Prepare financial statements: income statement, statement of changes in capital and balance sheet.

MODULE 5

Accounting Cycle (Record Keeping Stage)

Special Objective: Students are able to explain the accounting cycle at the recording stage

Journals and Posts

Journal. Is a tool to record company transactions carried out chronologically by showing accounts that must be debited and credited along with the amount of rupiah each. Before being recorded to the general ledger, it must first be recorded in a journal. Therefore, journal books are often referred to as the first notebook (book of originaly entry). The benefits of using journals are as follows:

1. Journal is a recording tool that can describe items affected by a transaction. The benefits of using a journal are very pronounced, especially if a transaction results in several debits and credits. Such influences are difficult to spot through ledgers, but are clearly visible in journals.
2. Journal is also a recording tool that provides a chronological picture, so that it can provide a complete picture of all company transactions based on the sequence of events.
3. Journals can be broken down into several special journals that are worked on by several people simultaneously. The ledger is impossible for several people to work on at the same time. How to record transactions directly to the ledger will be difficult to implement in large companies, because in this way only one person can do all transactions on the ledger.
4. Journals provide sufficient space for transaction descriptions. Conversely, the space available in the information column of general ledger accounts is very limited, so it cannot contain enough information.
5. If the transaction is recorded directly to the general ledger and an error occurs in recording it, then the location of the error on the general ledger will be difficult to find.

By using a journal, each transaction is recorded completely in one place, while in the general ledger part of the transaction is recorded in one account and some in another account. Journal is a record in the form of debiting and crediting which is the influence of transactions chronologically along with the explanations needed for these transactions.

Journals and general ledger accounts have an inseparable role in recording company transactions. The journal records the influence of each company's transactions on the accounting equation chronologically, while general ledger accounts group and summarize the effect of transactions on assets, debt, capital, income, and costs. Thus the journal does not replace the position of the general ledger. The journal is the first book used to record transactions when transactions occur, while the general ledger is the last book where debits and creditings from the journal are transferred to it, so that they can be collected in the right accounts.

Journal Form. In accounting practice, various forms of journals are known, ranging from simple to complicated. In this chapter we will introduce the simplest form of journal, called a two-column journal. Actually, there are more than two columns contained in this journal, but the columns available to record the amount of rupiah are only two, namely one column to record the amount of rupiah debited, and another column to record the credited. Examples of journal forms are as follows:

JOURNAL

Yard.....

Date (1)		Account name and description (2)	Account number (3)	Sum	
				Debit (4)	Credit (5)

The use of columns in the journal sheet is as follows:

Column (1): to record the **date** of the transaction. This column is divided into two parts. The left part is used to record the year and month, the right part is to record the date.

Column (2): to record **the** name of the debited account and the name of the credited account. In this column is also recorded a brief description of the transaction that occurred.

Column (3): to record the **account number** debited or credited.

Column (4): to record **the amount of rupiah that must be debited into the** account whose name has been written in column (2).

Column (5): to record **the amount of rupiah that must be credited** to the account whose name has been written in column (2).

The process of recording a transaction in a journal is called journaling. The procedure that must be followed in journaling is as follows:

1. The year is written on the first line.
2. The month name is specified for the first transaction that occurred in the relevant month at the top of the first column. The month name is simply written again at the top of a new page or at the beginning of a new month. So the name of the month does not need to be written repeatedly on the same page, unless the months change.
3. The date for each transaction is recorded in the first column, in a small column. For each transaction, it is necessary to write the date even though several transactions occur on the same date.
4. The name of the debited account is written to the left side in column (2) and the debit amount is entered into the left side or column (4) in the amount column.
5. The name of the credited account is written in the next line in column (2), and is written slightly to the right when compared to the name of the debited account. The crediting amount is recorded on the right side or column (5) in the amount column.
6. The explanation or caption is written on the next line in column (2). It is better for the information to be written briefly without neglecting important information, and can be clearly understood.

Account Name in Journal. All transactions that occur must be recorded in the journal by writing the name of the account debited and the name of the account credited, in accordance with the debit and crediting regulations as described in the previous chapter. The account name used in journaling must be the same as the account name used in the general ledger. For example, if a company buys a building, the account that must be used is the Building account and not the Buy Building account. Another example, for example, a company receives money, then the account that must be used is a Cash account and not a Receive Money account.

Record the amount of rupiah credited. Examples of journal forms are as follows:

JOURNAL

Date (1)	Account name and description (2)	Account Number	Sum	
			Debit (4)	Credit (5)

The use of columns in the journal sheet is as follows:

Column (1) : to record the date of the transaction. This column is divided into two parts. The left part is used to record the year and month, while the right part is to record the date.

Column (2) : to record the name of the debited account and the name of the credited account. In this column is also recorded a description or brief description of the transaction recorded.

Column (3) : to record the debited account number or credited account. How to use this column will be explained elsewhere in this chapter.

Column (4): to record the amount of rupiah that must be debited into the account whose name has been written in column (2).

Column (5) : to record the amount of rupiah that must be credited to the account whose name has been written in column (2).

The process of recording a transaction in a journal is called journaling. The procedure to be followed in journaling is as follows:

1) The year is written on the first line. Years are usually not written repeatedly on a page if the years do not change.
2) The month name is written for the first transaction that occurred in the month at the top of the first column. The month name is simply written again at the top of a new page or at the beginning of a new month. So the name of the month does not need to be written repeatedly on the same page, unless the month changes.
3) The date for each transaction is recorded in the first column. In a small column. For each transaction, it is necessary to write the date even though several transactions occur on the same date.
4) The name of the debited account is written docked to the left side in column (2) and the debit amount is entered into the left side or column (4) in the Amount column.
5) The name of the credited account is written in the next line in column (2), and is written slightly to the right when compared to the name of the debited account. The crediting amount is recorded on the right side and column (5) in the Amount column.

6) The explanation or caption is written on the next line in column (2). It is better for the information to be written briefly without neglecting important and clearly understandable information.

Account name in Journal. All transactions that occur must be recorded in the journal by writing the name of the account debited and the name of the account credited, in accordance with the debit and crediting regulations as described in the previous chapter. The account name used in journaling must be the same as the account name used in the general ledger. For example, if a company buys a building, the account that must be used is the Building account and not the Buy Building account. Another example, for example, a company receives money, then the account that must be used is a Cash account and not a Receive Money account.

Examples of journal sheets that have been used are as follows:

JOURNAL

Date (1)		Account name and description (2)	Account Number	Sum	
				Debit (4)	Credit (5)
1990 Nov	1	That Capital, Amir (Capital deposit from Mr. Amir)		IDR 100,000.00	IDR 100,000.00
	2	Office Equipment That (Typewriter purchase)		25.000,00	25.000,00

The journal created for a transaction is called a paragraph journal. Between one journal paragraph and another journal paragraph should be spaced one line, so that there is a clear boundary between one journal and another. The account number field is not filled in at the time of journaling. This column must be filled in with the account number after the journal is recorded in the relevant accounts in the general ledger. In this way, it will be able to know which journals have been recorded in the general ledger and which journals have not been recorded in the general ledger.

Posting

The process of moving journal paragraphs that have been made in the journal book to the general ledger is called posting, which is moving the amount in the journal debit column into the debit side of the account and moving the amount in the journal credit column into the credit side of the account. As described above, the name of the account posted on the general ledger must match the name written in the journal. The sequence of activities moving to the general ledger account must be in line with the order of debiting and crediting from the journal.

In large companies usually posting to the general ledger is done using a bookkeeping machine or automatically done with a computer. If posting is done by hand (manually), then the way to go is as follows:

1) The date and amount recorded in the journal amount are recorded back in the account concerned. If an amount is recorded on the debit side in the journal, then posting must be made to the debit side of the account, otherwise if the amount is recorded on the credit side, then posting must be made to the credit side of the account. The way to record the year, month and date, is the same as it is done in a journal.
2) If the posting has been made, the journal page number must be written in column F (folio) on the account.
3) The next step is to write down the account number that has been posted in the Account Number column in the journal. This procedure has two objectives, namely:
    a) To show that the journal has been posted.
    b) To show the relationship between journals and accounts in the general ledger.

Account Code

The main groups of accounts in the general ledger have been described in the last chapter. The number of accounts used in the company depends on the nature of the company's operations, the volume of the company's activities, and to what extent details are needed. As mentioned in chapter 2, if the company needs very detailed information, the number of accounts that need to be provided will increase. For example, in one particular company separate accounts may be required for each of the costs of electricity, telephone charges, and water charges, while in another company the transactions associated with these costs may be recorded in one account called the Miscellaneous Charges account. As much as possible, efforts must be made so that the accounts in the general ledger are in accordance with the items in the balance sheet and profit and loss statement, so that the preparation of financial statements becomes easier. If the company's accounts are so numerous that the financial statements will be very long, then the accounts can be grouped and only the main groups reported in the financial statements.

If there are quite a lot of accounts contained in the general ledger, then the accounts are usually given a code in the form of a number. The names of the accounts and their code numbers are arranged in a list called the list of account codes (chart of accounts) or chart of uccounts. Provision of account codes in various ways and variations. Although the method of numbering is different, but in general in any way it always starts from the grouping of accounts in 5 groups, namely: assets, debt, capital, income, and costs.

One way of assigning account code numbers can be seen in the example below:

HOTEL ASRI

Account Code

Assets(1-399)Code Number

Current Assets (1-99)

What 1

Securities 10

Accounts Receivable 20

Hotel Amenities 50

Investment (100-199)

Investment-shares of PT ABC 100

Fixed Assets (200-299)

Land 200

Building 210

Motor Vehicle 210

Furniture 220

Miscellaneous Assets (300-399)

Goodwill 301

Liability (400-599)

Current Liabilities (400-4990)

Accounts Payable 400

Money Order Debt 410

Tax Payable 450

Long-Term Liabilities (500-599)

Mortgage Debt 500

Debt Bonds 510

Capital (600-599)

Capital 600

Prive 601

Revenue (70-799)

Hotel Box office 700

Restaurant Revenue 701

Pool Revenue 702

Other Income 703

Cost (800-899)

Salary Cost 800

Cost of Electricity 802

Phone Fee: 803

804 Advartensi Fee

Insurance Cost 805

PRACTICE QUESTIONS

Question 1

Accounting Cycle Problem – Recording Stage

Transactions :

1. On 2 Dec 200X, Dewi established a beauty salon "Salon Ayu" by depositing Rp1,500 in cash (Journal proof no. 001)
2. On 3 Dec 200X paid room rent for December Rp120 (Journal proof no.002)
3. On 4 Dec 200X purchased salon equipment Rp900 (proof of journal no.003)
4. On 5 Dec 200X purchased salon equipment Rp200, credit (Journal proof no.004)
5. On 6 Dec 200X paid the burden of placing mini advertisements in Kompas Daily Rp50 (BJ no.005)
6. On 15 Dec 200X paid salaries and wages of employees for 1-15 Dec 200X Rp72 (BJ no.006)
7. On 15 Dec 200X received Rp340 cash from cash sales during the first half month of its activities (BJ no.007)
8. On 28 Dec 200X borrowed money from Bank BNI Rp3,000 (BJ no.008)
9. On 29 Dec 200X purchased salon equipment Rp3.600 (BJ no.009)
10. On 29 Dec 200X paid salary and wages for 16-29 Dec 200X amounting to Rp96 (BJ no.010)
11. Date 31 Dec 200X Cash received Rp360 from cash sales for the last half month (BJ no.011)
12. On 31 Dec 200X Dewi took money for personal use Rp100 (BJ no.012)

Asked:

1. Keep a general journal to record the transaction
2. Using the following list of accounts, record the journal into the relevant account:

11 Kas32 Prive

12 Supplies 41 Salon Revenue

13 Equipment51 Salary Expense

21 Accounts Payable53 Rent Expense

22 Bank Debt59 Sundries Expenses

31 Capital

3. Calculate the balance of each account
4. Make a Balance Sheet as of December 31, 200X
5. Make Financial Statements: Statement of Feelings and Losses, Statement of Changesin Mo dal, and Neraca.

Question 2

Below is a chart of accounts and a list of transactions during the first month (July 200X) of Fair Workshop activities. The proof number with the transaction is enclosed in parentheses.

101Ktos302. Prive Adil Permana

102 Office Supplies401 Service Acquisition

109 Accounts Payable501 Payroll Expense

201 Money Order Payable502 Electricity, water, and telephone expenses

202 Bank Debt503 Rent Expense

203 Permana Fair Capital504 Interest Expense

a. Adil Permana menanamkan uangnya Rp.5.000 dalam perusahaan yang baru didirikan (bukti no 1)
b. M e mbay a r b e b a n s ewa areyou a ng a n for bu l an juli 200x Rp200 (exhibit no 2)
c. Membeli perlengkapan kantor secara kredit Rp550 (bukti no 3)
d. M e buy p e r a lat a n b e n g k e l d a ri P T. M e ga Ind a h s e h a rga Rp5.500, sejumlah Rp3.000 dibaya r cash, sisanya a k a n dibay a r k e mudian for this debt B e ngk e l Adil meng e luarak an w e s el. (bukti no 4)
e. Membeli perlengk a pan Rp. 250. (Exhibit No. 5)
f. M eminjam d a ri Bank I n don e sia Rp. 7000 deng a n mengeluarkanw e se l (bukti no 6)
g. M embay a r r e kening listrik, air, and phone Rp. 75 (proof no 7)
h. M e ny e les a fish p e k e rjaa n d a n men e rima p embayaran cash Rp25,700 (exhibit no 8)
i. M embay a r g a ji pe g a wai Rp12,000 (bukti no 9)

j. M embay a r Rp1.500 kepada PT. M e ga I n d a h untukp er a lat a n y a ng dibeli p a da tr a nsaksi (d.) (bukti no 10)

k. Adil P e rm a na meng a mbil money for k e p erlu a n pribadi Rp750 (exhibit no 11)

l. M e mbay a r k e p a da B a nk Indo n e sia pokok pinj a man s e b e s a r Rp2000 d a n bunga nya s e besar Rp105 (bukti no 12)

Diminta :

a. Catatlah transaksi di atas dalam jurnal umum
b. M a sukk a n a y a t-a y a t jur n a l ke d a lam a ku n-akun y a ng a da di buku bes ar
c. Buatlah Neraca Saldo per tanggal 31 Juli 200X
d. Susun l a por a n k e u a n g a n : L a por a n L a b a Rugi, L a por a n Pe rub a h a nModal, Nera c a

MODULE 6

Accounting Cycle (Adjustment Stage)

Special Objective: Students are able to explain the cycle of adjustment stages

Accrual Basis andCash Basis

Accounting recognizes two basics, namely the accrual basis and the cash basis. In accrual basis, accounting recognizes the effect of transactions at the time they occur. In the event of service provision transactions, sales of goods, or expenditure of costs, these transactions will be recorded in the books as income or costs, regardless of whether cash has been received or spent. Conversely, if a cash basis is used, then accounting will only be recorded if there has been a cash receipt or expenditure. Indonesian accounting principles require companies to use an accrual basis. This means that revenue must be recognized at the time revenue is earned and expenses are recognized at the time the expense is incurred regardless of whether cash from the transaction has been received or paid. In recording transactions at the Rapih printing company in chapter 3. Budi recognizes the existence of income or delivery of services carried out on credit. Budi had earned income at that time, because his business had brought in an accounts receivable, which was a bill against the customer. If Bob uses a cash basis, then he will not record any income when he submits a printed goods order. Budi will only admit the income after he receives cash from the booker.

Why do Indonesian accounting principles require companies to use the basis of accounting? What are the advantages provided by the accrual basis? To answer this question, suppose Bob has completed the order before the end of the accounting period, but the cash from the customer is only received after the end of the period. If Bob uses a cash basis, then in his financial statements there will be no income or receivables as a result of the transaction. As a result, the financial statements do not provide a true picture.revenue and accounts receivable assets will be reported lower, so the company looks less successful than the actual situation. If Budi would use the financial statements to ask for credit to the Bank, then the situation could be detrimental to him.

Budi also applies an accrual basis in recording costs. For example, in salary costs other than salaries that have been paid include salaries that have been owed to employees but are still unpaid. Budi acknowledged the obligation to pay his employees as salary costs, even though at that time no payment had been made. If Bob uses a cash basis, then he will only record the salary of one of his employees, and financial statements are prepared before he pays the salary, then the salary costs and salary debts will be lower than the actual amount. This incomplete information will result in inaccurate information for users of the report.

In the example presented above, it can be seen that the accrual basis produces more complete information than the information generated by the cash basis. This is important, because the more complete the data presented, the better information decision makers will receive in assessing the financial health and prospects of the company in the future. The concepts used in the accrual basis are the accounting period, the income principle, and the *mafching* principle.

Accounting Period

If we want to know with certainty the success of the company's operations, the only way is to stop the company's business, sell all assets, pay off all debts, and return the remaining cash to the owners of the company. This kind of process is called liquidation which means the same as dissolving a company. Of course, such a method of measuring profit is impractical. The usual way is to make periodic reports on the progress of the company, without having to dissolve the company. In this way accounting establishes a shorter reporting time period, and at the end of that time period financial statements are drawn up. The figures reported in periodic financials are actually more estimates. We will be able to know the exact amount, if the company is really liquidated.

The term of an accounting period is generally one year, and at the end of that period the company makes an annual financial report. Most companies set their accounting period from January 1 to December 31. However, there are also companies that set their accounting period differently, for example starting April 1 and ending March 31 of the following year. The determination of the accounting period can be determined by the company's management in accordance with the needs of the company concerned.

Sometimes company management wants to know the progress of the company immediately without having to wait until the end of the year. For this reason, companies can make financial statements before the end of the accounting period, for example at the end of each month or at the end of each quarter, which are called interim financial statements. The determination of the accounting period will affect the company's periodic profit. This influence will be seen in the application of the principle of competition which will be explained later.

Revenue Principle

Therevenue regulation regulates (1) when income is recorded (2) the amount of income recorded / if we talk about recording a transaction in accounting, then usually what is imagined is the activity of recording transactions into the general ledger, making balance sheets, and compiling financial statements. This is because the end result of the accounting process and our attention is often directed to financial statements. However, the discussion of the following income principles will be emphasized in making journals because journaling is the first action in accounting process activities.

Ageneral guideline in determining when income recording is carried out, stipulates that income is recorded at the time it was earned rather than before. In many cases, revenue is earned when the company delivers completed goods or services to consumers. The following are two situations that can be a guideline for determining when an income situation is recorded. The first situation describes events that do not require recording income. While the second situation must be recorded to recognize income.

**Situation 1- No need for revenue recording*. A prospective customer came to the Rapih Printing office and expressed his desire to order several kinds of printed goods. The order is planned to be delivered in the coming month. Does Rapih Printing have to record income based on this prospective customer's plan? This incident does not need to be recorded as income because there has not been any transaction.*

**Situation 2- Must be recorded as income*. In the following month the consumer came again to the Rapih Printing office and ordered a number of printed goods. Orders can be completed by Rapih Printing within one week. With the submission of an order accompanied by an invoice, Rapih Printing records the occurrence of income by crediting the printing service revenue account. If the consumer immediately makes a payment, then this transaction will be recorded by debiting the Cash account, and if the payment will be made later, then the debited account is the Accounts Receivable account.*

The general principle of recording the **amount** of income dictates that revenue is recorded at the cash value of the goods or services delivered to consumers. Suppose the order in the example above is made by a consumer who is using this printing service for the first time. Rapih Printing expects these consumers to become subscriptions in the future. Therefore, the new consumer is given a price that is cheaper than the general price, which is only Rp. 50,000.00. The normal price for such an order is Rp60,000.00. At what price will the revenue from this order be recorded by Rapih Printing? The answer is IDR 50,000.00 because the value to be received is IDR 50,000.00 not IDR 60,000.00.

Principles of Competition

The principle of competing is the basis for recording costs. Costs such as rent, salary costs, and advertising costs are the sacrifices needed to run the company. Cost is the portion of the cost of goods used to obtain revenue. The principle of comparison is a guideline for accountants to (1) state all costs incurred during the accounting period, (2) measure ordinary magnitude, and (3) to reconcile these costs with income earned in the same period. Uniting costs with revenues means subtracting costs from revenues to be able to determine net income or net loss.

Revenue can sometimes be directly linked to certain costs incurred to obtain that income. For example, if the company pays a commission fee to sellers, for every unit of goods sold, there will be a sales commission fee. If no items are sold, there will be no commission fees.

A number of other costs cannot be directly linked to revenue. For example, if the company has to pay building rent every month, then regardless of whether or not there is income for building rental costs must still be paid. For these kinds of costs the general guideline followed in accounting is to associate costs with a certain period of time, for example per month or per year. If the monthly rent to be paid by the company is IDR 500,000.00, the company will record a building rental fee of IDR 500,000.00 every month.

Accounting Principles andDeterminants of Net Profit

The accounting principles and concepts described above have an effect on determining the company's net profit. Therefore, the account balances listed in the balance sheet must be examined one by one to determine whether the balance is in accordance with the above accounting principles and concepts.

If we look at the accounts listed in the balance sheet, we will find that most accounts can be quoted directly from the balance sheet into the financial statements without change. However, some other accounts require adjustment first. For example, the Cash account balance represents the amount of cash available at the end of a period, while the Equipment account balance was purchased during that period. Some of the equipment has been used in the relevant period so that the balance shown by the

Equipment account is greater than the purchase price of the equipment that is still available at the end of the period.

This is also found in Prepaid Rental accounts and other prepaid fee accounts. Such accounts generally show an amount of upfront fees that is greater than the actual amount still a down payment at the end of the period. Transactions in the form of prepaid fees are usually only recorded at the time of payment, while the amount of payment that has become a fee is not recorded from time to time.

There are still other examples that illustrate deficiencies in the data listed in the balance sheet, such as unpaid costs or unearned income. During the current period, fees are only recorded when they have been received. However, the costs that have become liabilities of the company in a period (but have not been paid) and revenues that have become entitled in one period (but have not been received), until the time of making the balance sheet are still not recorded in the books.

Above it has been explained that if the company's books are carried out on an actual basis, revenue must be recognized if the right has become the right of the company in that period, as well as if a cost has become the company's obligation in a period, then the cost must be recognized in the relevant period. If during the current period, revenues and expenses have not been fully recorded, it is clear that the data contained in the balance sheet has not shown the actual situation. Therefore, at the end of the accounting period, it is necessary to make adjustments to the data listed in the balance sheet, so that bookkeeping can provide a true picture

Adjustment process. From the description above, it is clear that the objectives of the adjustment process are:

1) So that every real account, especially asset accounts and debt accounts, shows the actual amount at the end of the period
2) So that each end of the nominal receipt (deposit accounts and expense accounts) shows the charges and charges that should be recognized in a period.

The balances in the balance sheet usually require adjustments to recognize the following:

1) Revenue Receivable: that is, revenue that has become the right of the company but has not been recorded
2) Cost Payable: namely costs that have become the right of the company but have not been recorded.
3) Advance Receipt: i.e. revenue received, but it is actually a revenue in a future period.

4) Prepaid Fees: i.e. costs that have already been paid but must actually be fixed in a future period.
5) Loss of Receivables: that is, the estimated loss incurred due to the presence of receivables that cannot be collected.
6) Depreciation: depreciation of fixed assets that must be charged in an accounting period.
7) Equipment Usage Cost: that is part of the purchase price of equipment that has been consumed during the accounting period.

The following is an example of how to make adjustments made by Foto Studio Aneka at the end of 1996. The company was founded by Abu Bakr on January 1, 1996.

Purpose of Using Lane Balance

A column balance sheet is a columnar paper designed to collect all the accounting data needed when the company prepares financial statements in a systematic way. Actually, the column balance is more accurately referred to as a working paper that is used as an auxiliary tool in preparing financial statements. The column balance sheet is not part of the essence of formal accounting records, because of its informal nature, its preparation can also be done using a pencil so that it is easier to correct if something goes wrong.

The lane balance is very useful for checking the data that will be presented in the financial statements. In the balance sheet, general ledger accounts are adjusted, balanced and arranged in ways that are in accordance with the preparation of accounts in the financial statements. The use of lane balance sheets can also indicate that the procedures that need to be carried out to prepare financial statements have been fully implemented.

Lane balance sheets are not financial statements. Therefore, the lane balance does not need to be given by outsiders. It should also be realized that the column balance cannot replace the position of accounting records or financial statements, but is merely an auxiliary tool for preparing financial statements. From the description above, it can be concluded that the purpose of making a lane balance is

1. To facilitate the preparation of financial statements
2. To classify and summarize information from balance sheets and adjustment data, so that it is a preparation before preparing formal financial statements.
3. To make it easier to find errors that may be made in making adjustment journals.

Column Balance Preparation Process

The preparation of the column balance is a continuation of the preparation of working papers to determine the balance sheet after adjustment as discussed in Chapter 4. Balance sheet data after adjustment is then separated into two groups, namely data that will be included in the balance sheet and data that will be included in the profit and loss statement. The creation of the lane balance ends by determining the profit or loss balance that will be the counterweight to the column balance. To give you an idea of the procedure for arranging the column line, let's use the balance sheet and adjustment data from Foto Studio Aneka as described long ago chapter 4.

MISCELLANEOUS STUDIO PHOTOS

Balance sheet

December 31, 1996

Account Name	Balance	
	Debit	Credit
That	IDR 52,350.00	
Securities	10.000.00	
Accounts Receivable	18.200.00	
Photography Equipment	96.150.00	
Office Supplies	41.300.00	
Insurance paid upfront	10.000.00	
Photography Equipment	480.000.00	
Office Equipment	115.000.00	
Building	1.000.000.00	
Accounts Payable		RP. 12,050.00
Abubakar Capital		1.363.000.00
Studio Photo Revenue		457.600.00
Electricity Cost	20.000.00	
Employee salaries	22.000.00	
Advertising Fees	4.000.00	
Interest Income		350.00
Rental Income		36.000.00
	IDR 1,869,000.00	IDR 1,869,000.00

MISCELLANEOUS STUDIO PHOTOS

Lane Balance

For the year ended December 31, 1996

Account Name	Balance sheet		Adjustment		Balance sheet after adjustment		Profit and Loss Statement		Balance	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit

At the top of the column balance should be written the name of the company, the writing of the column balance sheet and the period of the column balance sheet. The column balance consists of 5 pairs of columns, each of which consists of a debit column and a credit column. The five pairs of columns include the columns provided for: balance sheet, adjustment, balance after adjustment, profit loss, and balance sheet. The procedure that must be done to compile a lane balance consists of the following 5 steps :

1) ***Enter general ledger account balances into the balance sheet column on the balance sheet form***

   Account names and account balances as of December 31 are copied in the balance sheet columns as in the example. In practice, these amounts can be copied directly from the general ledger, because if a special balance list must be compiled in the form of a balance sheet, rework will occur. As soon as the balance amounts are written in the column balance, the two columns are added up and the amounts are written at the bottom of the two columns.

Lane Balance

MISCELLANEOUS STUDIO PHOTO
Lane Balance
For the Year Ended December 31, 19

unt Name	Balance Sheet		Adjustment		Balance Sheet after adjustment		Profit and Loss Statement		
	Debit	Credit	Debit	Credit	Debit	Keredit	Debit	Credit	De
	52.350								
ties	10.000								
nts able	18.200								
graphy nent	96.150								
supplies	41.300								
nce paid ance	10.000								
graphic nent	480.000								
ment	115.000								
ng	1.000.000								
nts le		12.000							
kar l		1.363.000							
Photo ue		457.600							
city Cost	20.000								
yee es	22.000								
ising	4.000								
st Income		350							
Income		36.000							

2) *Enter the adjustment journal paragraphs into the "Adjustments" column*

The column balance that already contains adjustment data can be seen in the example. In practice, making a lane balance can be done first and writing the necessary adjustments in the adjustment column on the column balance. Making formal adjustment journal verses in the journal book is precisely made by citing adjustments that have been made in the column balance.

a) The credit balance of the Interest Income account of Rp350.00 shows the amount of interest income that has been received in 1996. As of December 31, 1996, there is still interest income for three months that have not been received, namely October to December. Thus the amount of interest that has not been received is: 3/12 x 6/100 x Rp 10,000.00 = Rp 150.00. The adjustment that must be made in the adjustment column is to debit the Interest Income Receivable IDR 150.00 and credit the Interest Income IDR 150.00. As a guide and to facilitate re-examination, the adjustment numbers are marked with the letter a). The same is done for other adjustment journals with corresponding letter codes.
b) The debit balance of the Employee Salary account of IDR 22,000.00 shows the amount of employee salary that has been paid in 1996. On December 31, 1996, employees were still to be paid Rp 2,000.00. This means that in the books must be recorded the existence of salary debts, and employee salaries must still be added Rp 2,000.00. This is recorded through an adjustment journal by debiting the Employee Salary account of IDR 2,000.00 and crediting the Salary Debt account of IDR 2,000.00.
c) The balance of the Rental Income account of Rp 36,000.00 shows that during 1996 rental income of Rp 36,000 had been received. This amount also includes rent received in advance, namely rent for future periods of IDR 6,000.00. Therefore the Rental Income account must be deducted IDR 6,000.00 and this amount represents rental income received in advance. To record this, an adjustment journal was made by debiting the Rental Income account of IDR 6,000.00 and crediting Rental Income Received in advance of IDR 6,000.00.
d) Insurance account debit balance Prepaid Rp 10,000.00 shows insurance premium payments that have been made during 1996. This amount also includes insurance premiums for future periods of Rp 4,000.00. This means that the insurance fee paid in advance as of December 31, 1996 is only Rp 4,000.00 while the Rp 6,000.00 is already the insurance cost for the period

1996. Therefore the Prepaid Insurance account must be credited IDR 6,000.00 and the Insurance Fee account must be debited IDR 6,000.00.

e) The loss of receivables charged in 1996 was Rp 4,576.50 which is 1% of sales (studio photo revenue). To record this, an adjustment journal is required at the end of the period, namely by debiting the Accounts Receivable Loss account of IDR 4,576.50 and crediting the Accounts Receivable Loss Reserve account. Because there is no Loss Receivables account or Reserve Loss account in the balance sheet, these two accounts must be listed under the names of the accounts that have been listed in the balance sheet.

f) Depreciation of photographic equipment per year is 20% of the acquisition price of photographic equipment or 20% of IDR 480,000.00 = IDR 96,000.00. The adjustment journal required to record this is to debit the Photographic Equipment Depreciation account and credit the Accumulated Photographic Equipment Depreciation account. Because these two accounts are not yet listed in the balance sheet, these accounts must be listed under the names of the accounts that are already in the balance sheet.

g) Depreciation of office equipment is set at 10% a year, calculated from the acquisition price of office equipment or 10% x IDR 115,000.00 = IDR 11,500.00. The adjustment journal required to record this is to debit the Office Equipment Depreciation account of IDR 11,500.00 and credit the Office Equipment Depreciation Accumulation account of IDR 11,500.00.

h) Building depreciation per year is 5% of the acquisition price of the building or 5% x IDR 1,000,000.00 = IDR 50,000.00. The adjustment journal needed to record this is to debit the Building Depreciation account of IDR 50,000.00 and credit the Building Depreciation Accumulation account of IDR 50,000.00.

i) The use of photographic equipment during 1996 was Rp 63,750.00. The adjustment journal needed to record the use of this equipment is to debit the Photography Equipment Fee account IDR 63,750.00 and credit the Photography Equipment account IDR 63,750.00.

j) The use of office supplies during 1996 was Rp 25,800.00. The adjustment journal required to record the use of this equipment debits the Office Supplies Fee account IDR 25,800.00 and credits the Office Supplies account IDR 25,800.00

PRACTICE QUESTIONS

Question 1

As of August 31, Jasa Angkasa company has information related to the balance of each general ledger account as follows:

11 What	Rp3.000.000
12 Accounts receivable	IDR2,000,000
13 Shop supplies	IDR2,500,000
14 Shop equipment	IDR4,000,000
15 Accumulated depreciation of shop equipment	IDR1,500,000
21 Accounts payable	IDR1,500,000
22 Money order payable	IDR1,000,000
31 Haris Capital	IDR4,500,000
32 Private Haris	IDR1,500,000
41 Reparations revenue	IDR11,000,000
51 Rental fee	IDR1,500,000
52 Salary expenses	IDR5,000,000

Asked:

1. Make an adjustment journal with the following data:
    a. The depreciation cost for this period is estimated at Rp 1,200,000
    b. Store supplies inventory as of August 31, 200X amounted to Rp 800,000
    c. Unpaid salary as of August 31, 200X amounted to Rp 1,500,000
2. Make a lane balance and complete the lane balance.
3. Based on the column balance, prepare financial statements (income statement, balance sheet and capital change statement)

Question 2

The general ledger accounts of Amin Workshop, a car repairman and realtor on 31 Dec 200X, the end of the first year of its activities show the following balances:

101What rp5.600

102Trade receivables Rp14,200

103Office supplies Rp800

104Repair equipment Rp2.000

105Equipment Rp16.000

201Accounts payable Rp6,200

202 Bank debt IDR10,000

301Amen's capital IDR20,000

302Prive Amin IDR14,000

401Reparation income	IDR50,000
402Commission income	IDR5,000
501Salary expense	IDR32,100
502Rental expense	IDR3,000
503Electricity, water, telephone load	Rp2.000
504Other expenses	IDR1,100
505Interest expense	Rp400

The data required to create an adjustment journal are as follows:

1. Remaining office supplies Rp 300
2. Value of repair equipment as of 31 Dec 200X is IDR 1,600
3. Depreciation expense as of 31 Dec 200X is set at Rp 2,000
4. Salary that is still owed and has not been recorded as of 31 Dec 200X amounted to Rp 210

Asked:

1. Keep an adjustment journal
2. Build and complete lane balance sheets
3. Prepare financial statements (income statement, statement of changes in capital and balance sheet)

Additional Account Codes

106Accumulated depreciation of equipment
203 Payroll payable
506 Office supplies load
507 Load repair fixtures
508 Equipment depreciation expense

MODULE 7

Bookkeeping Closure

Special Objective: Students are able to explain the accounting cycle of the summary stage (closing)

Chapter 5 has explained the process of preparing financial statements using media in the form of working papers called column balances. With the completion of the preparation of financial statements, the main accounting objectives have been achieved. However, the process of accounting activities has not yet been completed, because there are still several stages that must be done before accounting activities in a period are declared complete

In advance, it has been explained that thermal accounting recording tools consist of journals and general ledgers. Financial statements should be prepared by citing account balances listed in the general ledger. However, to facilitate the preparation of financial statements, informal tools are used in the form of balance sheets and lane balances.

If the financial statements have been prepared, the general ledger must be closed because the accounting period has ended. In the first part of this chapter will be discussed about the process of closing books as one of the final stages of activity in the accounting cycle.

The general ledger contains a number that can be grouped into two groups, namely real accounts and nominal accounts. Real accounts consisting of assets, liabilities, and capital accounts are accounts that will be reported on the balance sheet. End of account period balance – real account will be carried over to the next period. This means that the ending balance of a real account will be the starting balance for the next accounting period.

Nominal accounts, which are income and expense accounts, are capital auxiliary accounts. A nominal account is required to accommodate the recording of income and expense transactions. These two groups of transactions will affect the company's capital. However, as explained in Chapter 1 and Chapter 2, if income and expense transactions are recorded directly in the Capital account, the company will lose detailed information about the cause of the change in capital. As we know, information about income and costs is needed by management and other users of financial statements.

That is why income and expense accounts are called capital helper accounts. In addition, we also know another capital helper account, namely the prive account. This account is mainly used to record prive taking by the owner which will also affect the company's capital.

Income and expense accounts are also called temporary accounts. So called because income and expense accounts are only temporary, that is, only valid for one accounting period. Therefore, the balance at the end of the period of the accounts – the income and expense accounts contained in the general ledger, must be transferred to that account, and simultaneously terminate the income and expense accounts in the relevant period. At the beginning of the next period, income and expense accounts will begin with a balance of zero rupiah.

Closing Journal

The journal created to move temporary account balances (normal accounts, funds, prive accounts) is called the closing journal.

The purpose of making a closing journal is:

1. To cover the balance contained in all temporary accounts. The word close means to reduce the account balance so that it becomes zero. Thus, in the next period, all temporary accounts will start with a zero balance. In this way, it will also be possible to separate the amount of temporary account balances for this period from the amount of temporary account balances in the next period.
2. In order for the Capital account balance to show the amount corresponding to the circumstances at the end of the period. With this journal, the Capital account balance will be equal to the final capital amount reported in the balance sheet.

In organizing book closure, we use a new temporary account, namely the **Loss** – Profit account (or some also call it the Loss **– Profit** overview). This account is only used in book closing at the end of the period. In this account, all income and expense account balances are collected, so that one number can be obtained which is net profit or net loss and then transferred to the voter's Capital account.

Bookkeeping closure is usually done in the following order:

1. Close all revenue accounts by moving the balance of each revenue account to the Loss – Profit account.
2. Close all expense accounts by moving the balance of each account to the Loss-and-Profit expense account.

3. Close a Loss – Profit account by moving the account balance to the Capital account.
4. Close the Prive account (if any) by transferring the account balance to the Capital account.

Closing Journal on Sole Proprietorships

An individual company is a business entity whose capital comes from one owner. Therefore, in a sole proprietorship there is only one capital account. In sole proprietorships, owners often take or use company wealth (money or goods) for personal purposes called prive transactions. As explained in Chapter 1 and Chapter 2 such transactions will reduce the owner's capital, but are usually not recorded directly into the Capital account, but are recorded first in a temporary account called the Privé account.

The process of making a closing journal in a sole proprietorship company will involve accounts – Income, Expenses, Loss – Profit, Prive and Capital. To explain the closing journal in a sole proprietorship, let's use the Foto Studio Aneka company data that has been used in the last chapter.

Data for closing books can be taken from column 7 and column 8 of the lane balance (Loss – Profit column). Therefore, let's take another look at the balance sheet of Foto Studio Aneka on page 245. In column 8 of the column balance, we see that there are 3 types of income accounts, namely the Foto Studio Revenue account which is the main income from Foto Studio Aneka, and the Interest Income account and Rental Income account which are income outside the company's operations. The three income accounts must be closed to the Loss – Profit account with the following closing journal:

1996
Des. 31Studio Photo Revenue......................Rp457.600,00
Interest Income............................... IDR 500.00
Rental Income.. IDR 30,000.00

Profit Loss... IDR 488,100.00

The next step is to move the balance of the expense account to the Loss – Profit account. Column 7 of the lane balance sheet has provided the information necessary to carry out the closing of the books of the expense accounts. The closing journal for transferring the balance of the account – cost account to the Rugii – Profit account at Foto Studio Aneka company is as follows:

1996
Dec 31Loss – Profit..................... IDR 305,626.00

Electricity Cost..Rp. 20.000,00
Employee Salaries.. IDR 24,000.00
Advertance Charges... Rp. 4.000,00
Insurance Fee..................................Rp. 6.000,00
Loss of Receivables................................Rp. 4.576,00
Depr. Photography Equipment......................Rp. 96.000,00
Depr. Office Equipment.........................Rp. 11.500,00
Depr. Building................................... IDR 50,000.00
Cost of Photography Equipment................Rp. 63.750,00
Cost of Office Supplies....................Rp. 25.800,00
(Account balance closure – expense account)

After the above journal paragraph is recorded to the Loss – Profit account, the account will appear as follows:

Loss - Profit											
1996 Some	31	Closing		305.626,00		1996 Some	31	Closing		488.100,00

As mentioned above, the Loss – Profit account is only used at the end of the period. After all account balances income and expenses at the end of the period. After all income and expense account balances are accumulated in the Loss – Profit account, it appears that the account shows a credit side amount of Rp.488,100.00 and a debit side amount of Rp.305,626.00. If the balance is calculated, the Loss – Profit account will show a credit balance (profit balance) of Rp.182,474.00 (Rp.488,100.00 – Rp.305,626.00). This balance amount is equal to the profit balance shown in the column balance sheet on page 245.

Furthermore, the balance of the Loss – Profit account is transferred to the Capital account with the closing journal as follows:

1996
Des. 31 Loss – Profit............................. IDR 182,474.00
Abubakar's capital............... IDR 182,474.00
(Loss – Profit account closure)

Loss Account – Profit after closing (transferring) its balance to the Capital account, and Abubaka Capital account after receiving the transfer of the balance of the Loss – Profit account will appear as follows:

Loss - Profit										
1996 Some	31			305.626,00		1996 Some	31			488.100,00

	31	Closing		162.474,00						

Loss - Profit										
						1996 Some	31 31			1.363.000,00 182.474,00

After the above journal is recorded to the Abubakar Capital account, the capital account will show a credit balance of Rp. 1,545,474.00 (Rp. 1,363,000.00 + Rp. 182,474.00). This amount is equal to the amount of Abubakar's Capital stated in Foto Studio Assort's balance sheet as of December 31, 1996 (see page 247).

Ending the General Ledger

At the end of the period, the rupiah figures on the debit and credit sides of all general ledger accounts are added up, and after the closing journal is booked, the nominal accounts will be balanced. The amount of the debit side and credit side that has been balanced is then given a double line indicating that the use of the account in the relevant period has ended and is ready to be used again in the next period. For example, an employee salary account that has been closed will appear as follows:

Employee Salaries										
Some	31 31	Balance Penyesuaiaan		22.000,00 2.000,00 24.000,00		Some	31	Ke R/L		24.0000 24.000,00

As with accounts with nominal accounts, at the end of the period the numbers on both sides of the real account must be added up. But unlike the nominal account, the real account does not need to be closed, because the real account balance will be carried over to the next period. At the end of the accounting period, the real account balance is used to balance the account, and at the beginning of the next period the difference will be used to show the initial balance of the real account concerned.

The following is an overview of the accounts contained in the Foto Studio Aneka ledger after closing the book. To simplify this example, the accounts do not describe the complete data for 1996, but only describe the balance at the end of the financial year (see the column balance sheet on page 245).

GENERAL LEDGER

THAT									
Some	31	Addition		1.250.000,00	Some	31	Addition		1.197.650,00
						31	Balance		52.350,00
				1.250.000,00					1.250.000,00
1997 Jan.	1	Balance		52.350,00					

Securities									
Some	31	Addition		10.000,00	Some	31	Addition		10.000,00
				10.000,00					10.000,00
1997 Jan.	1	Balance		10.000,00					

Accounts Receivable									
Some	31	Addition		310.000,00	Some	31	Addition		291.800,00
						31	Balance		18.200,00
				310.000,00					310.000,00
1997 Jan.	1	Balance		18.200,00					

Record of Loss of Receivables									
Some	31	Balance		4.576,00	Some	31	Addition		4.576,00
				4.576,00					4.576,00
					1997 Jan.				4.576,00

Photography Equipment

Some	31	Addition		96.150,00		Some	31	Addition		63.750,00
							31	Balance		32.400,00
				96.150,00						96.150,00
1997										
Jan.	1	Balance		32.400,00						

Office Supplies

Some	31	Addition		41.300,00		Some	31	Addition		25.800,00
							31	Balance		15.500,00
				41.300,00						41.300,00
1997										
Jan.	1	Balance		15.500,00						

Insurance Prepaid

Some	31	Addition		10.000,00		Some	31	Addition		6.000,00
							31	Balance		4.000,00
				10.000,00						10.000,00
1997										
Jan.	1	Balance		4.000,00						

Interest Receivables

Some	31	Addition		150,00		Some	31	Balance		150,00
				150,00						150,00
1997										
Jan.	1	Balance		150,00						

Photography Equipment

Some	31	Addition		480.000,00		Some	31	Addition		480.000,00
										480.000,00
				480.000,00						
1997										
Jan.	1	Balance		480.000,00						

Accumulated Depreciation of Photographic Equipment										
Some.	31	Balance		960.000,00		Some	31	Adjustment		96.000,00
				96.000,00						96.000,00
						1997 Jan.	1	balance		96.000,00

Office Equipment										
Some.	31	Addition		115.000,00		Some	31	Balance		115.000,00
				115.000,00						115.000,00
1997 jan	1	balance		115.000,00						

Accumulated depreciation of office equipment										
Some.	31	Balance		11.500,00		Some	31	Adjustment		11.500,00
				11.500,00						11.500,00
						1997 Jan	1	balance		11.500,00

Building										
Some.	31	Addition		1.000.000,00		Some	31	Balance		1.000.000,00
				1.000.000,00						1.000.000,00
1997 jan	1	balance		1.000.000,00						

Office Equipment										
Some.	31	Addition		115.000,00		Some	31	Balance		115.000,00
				115.000,00						115.000,00
1997 jan	1	balance		115.000,00						

Building Depreciation Accumulation										
Some.	31	Balance		50.000,00		Some	31	Adjustment		50.000,00
				50.000,00						50.000,00
						1997 Jan	1	Balance		50.000,00

Accounts Payable										
So me.	31	Addition		287.950,00		Som e	31	Addition		300.000,00
	31	Balance		12.050,00						300.000,00
				300.000,00		1997 Jan	1	Balance		12.050,00

Payroll Debt										
Some.	31	Balance		2.000,00		Some	31	Adjustment		2.000,00
				2.000,00						2.000,00
						1997 Jan	1	Balance		2.000,00

Rental Income Received in Advance										
Some.	31	Balance		6.000,00		Some	31	Adjustment		6.000,00
				6.000,00						6.000,00
						1997 Jan	1	Balance		6.000,00

Building Depreciation Accumulation										
Some.	31	Balance		50.000,00		Some	31	Adjustment		50.000,00
				50.000,00						50.000,00
						1997 Jan	1	Balance		50.000,00

Building Depreciation Accumulation										
Some.	31	Balance		50.000,00		Some	31	Adjustment		50.000,00
				50.000,00						50.000,00
						1997 Jan	1	Balance		50.000,00

Capital, Abubakar										
Some.	31	Balance		1.545.474,00		Some	31	Addition		1.363.000,00
							31	R/l Closure		182.474,00
				1.545.474,00						1.545.474,00
						1997 Jan	1	balance		1.545.474,00

Studio Photo Revenue										
Some.	31	Closure to R/L		457.600,00		Some	31	Addition		457.600,00
				457.600,00						457.600,00

Interest Income										
Some.	31	Adjustment to R/L		500,00		Some	31	Addition		350,00
							31	Adjustment		150,00
				500,00						500,00

Rental Income										
Some.	31	Adjustment		6.000,00		Some	31	Addition		36.000,00
		Closure to R/L		30.000,00						
				36.000,00						36.000,00

Pay for Electricity										
Some.	31	Addition		20.000,00		Some	31	Adjustment		20.000,00
				20.000,00						20.000,00

Employee Salaries										
Some.	31	Addition		22.000,00		Some	31	Closure to R/L		457.600,00
	31	Adjustment		2.000,00						457.600,00
				24.000,00						24.000,00

Advertising Fees

Some.	31	Addition		4.000,00		Some	31	Closure to R/L		4.000,00
				4.000,00						4.000,00

Insurance Cost										
Some.	31	Adjustment		6.000,00		Some	31	Closure to R/L		6.000,00
				6.000,00						6.000,00

Loss of receivables										
Some.	31	Adjustment		4.576,00		Some	31	Closure to R/L		4.576,00
				4.576,00						4.576,00

Depreciation of Photographic Equipment										
Some.	31	Adjustment		96.000,00		Some	31	Closure to R/L		96.000,00
				96.000,00						96.000,00

Office Equipment Depreciation										
Some.	31	Adjustment		11.500,00		Some	31	Closure to R/L		11.500,00
				11.500,00						11.500,00

Building Depreciation							
Some.	31	Adjustment	50.000,00	Some.	31	Closure to R/L	50.000,00
			50.000,00				50.000,00

Cost of Photographic Equipment							
Some.	31	Adjustment	63.750,00	Some.	31	Closure to R/L	63.750,00
			63.750,00				63.750,00

Cost of Office Supplies							
Some.	31	Adjustment	25.800,00	Some.	31		25.800,00

			25.800,00			Closure to R/L	25.800,00

Profit and Loss							
Some.	31	Closing expense accounts	305.626,00	Some.	31	Closing of revenue accounts	488.100,00
	31	Closing profit to capital loss	182.474,00				
			488.100,00				488.100,00

MODULE 8

Accounting for Trading Companies

Special Objective: **Students are able to identify the accounting cycle of trading companies**

Accounting cycle in trading companies. This chapter will discuss the accounting cycle of a trading company. In this chapter many accounting records and procedures in a trading company are no different from a service company. All transactions are recorded in journals and then periodically recorded into general ledger accounts. At the end of the period, the balances of all accounts are calculated and included in the balance sheet as a tool for preparing financial statements. Journal adjustment and closing are also carried out in trading companies, as well as making balance sheets after closing books need to be done as a final level in accounting. However, in trading companies, certain accounts and procedures are required for the purchase and sale of merchandise.

In order for a company to operate profitably, the selling price of goods must be higher than the purchase price. A favorable selling price should include 3 things:

1. Price of basic goods sold
2. The company's operating costs, such as rental costs, employee salaries, insurance costs, and so on.
3. The net profit that the company wants.

A handicapped journal for recording a sales transaction consists of debiting the asset account and crediting the income account as described in the following example:
a. Cash sales
What..................

Sales.. IDR 12,000.00

(to record cash sales of merchandise)

b. Credit sales

If the sale is made on credit, that is, when the payment is only received some time later, then the journal is as follows:
Accounts receivable... IDR 12,000.00

Sales.. IDR 12,000.00

c. Return and sales deductions

Return on sales is essentially a cancellation of sales that have been made (either in part or in full). Therefore, this cancellation can be recorded with the following journal (e.g. the price of goods 2,500.00 returned by consumers)

Sales... IDR 2,500.00

Accounts receivable ....Rp. 2.500.00

(to record the return of goods from a buyer)

However, if the company returns the money to consumers, then the journal that must be made is as follows:

Return and sales deduction............................ IDR 2,500.00

That... Rp. 2,500.00

(To record the return of goods from a buyer)

Sales cash rebate

If the sale is made on credit, then the terms of future sales must be clearly defined, so that both parties understand how much to pay and when payment must be made. The terms of sale are usually stated in the sales invoice and are part of the sales sale. The terms of sale are expressed by the symbol N/30 (net stands for net), which means that the net invoice price must be paid within 30 days after the invoice date. Another way to state the terms of sale, let's say n, 10 EOM (EOM stands for end of mount) this means the invoice must be paid at the end of the month, calculated from the month written on the invoice.

If the credit period given is long enough, companies usually offer cash discounts to stimulate buyers to pay as soon as possible. The deductions offered are included in the invoice in various ways such as 2/10, n/30. Terms 2/10, n/30 mean that the buyer may be able to get a 2% discount of the gross invoice price, if payment is made within 10 days after the invoice date, or (2) delay and pay in full at the desired time after 10 days have passed but not later than 30 days from the invoice date.

Sales cash rebate accounts collect the amount of cash rebates billed by buyers in a period. As well as return accounts and sales deductions. The Sales Cash Deduction Account is also a deduction account for the Opinion Account, and therefore has a debit balance.

Income statement(partial)

Sales... Rp. 14.020.000,00

Deduct : return and sales deduction..................... IDR 13,000.00

Sales cash discounts.. .... IDR 240,000.00

Total: IDR 370,000.00

Net sales .... IDR 13,650,000.00

Cost of goods sold

To be able to understand what is cost of goods sold, you must first study the inventory of merchandise (inventory). The inventory that a company has at the beginning of an accounting period, is called initial inventory. The inventory held on the last day of the period is called the ending inventory. Determining the quality and price of basic goods that are in inventory at the end of the period, and the price of basic goods that have been sold during the period is a fairly complicated problem in financial reporting. This becomes a difficult problem because the final inventory figure on the one hand will be included in the income statement as one of the elements that will affect the determination of the company's net profit

Periodic inventory method

It is generally used in companies that sell relatively cheap goods, but the frequency of sales is frequent. In such enterprises, the use of repetual methods is considered too expensive and troublesome.

If the company uses the periodic method, the inventory account is not debited to record purchases, and is not credited if a sale occurs. In this method, purchases are recorded by debiting the purchase account (and credited cash accounts or accounts payable), while in the event of a sale, the debited cash and accounts receivable and sales accounts are credited.

Things that affect the cost price:

1. The cost of goods that existed at the beginning of the period,
2. The price of the goods purchased during the period,
3. Cost of goods that have not been sold and adda in inventory at the end of the period.

Cost of goods purchased

If the company uses the periodic inventory method, then at the end of the period must also calculate the amount of cost of goods purchased during the year concerned. The numbers to calculate it can be influenced from the general ledger. Cost of goods purchased is affected by;

1. Cost of goods purchased,
2. Reduced adjustments due to returns and purchase deductions,
3. Deducted adjustment due to cash deductions for purchases,
4. Plus adjustments due to transportation costs.

The four things that make up the cost of goods purchased above are recorded in the general ledger in four separate accounts.

a. Purchase

   A purchase account is a temporary account used to collect all cost of goods purchased during the period, so at the end of the period this account must be closed.

b. Rebate pieces

   Rebates are given to buyers with the following objectives:

   1. To avoid the cost of creating and distributing catalogs due to price changes.
   2. To provide discounts for consumers who make large purchases.
   3. To provide different prices for different consumer groups (retailers, dealers, wholesalers etc.)

c. Purchase freight costs

   If there is a purchase transaction, there is usually a cost to transport goods from the seller's place to the buyer's place. The cost of transportation is the burden of the seller or it could be the buyer depending on the agreement. If the cost of transportation becomes the burden of the buyer, this cost will increase the cost of goods purchased.

d. The price of the goods available for sale, is the sum of the cost of all merchandise available for sale during the period.
e. Cost of goods sold is the initial inventory plus the cost of goods purchased equal to the price of basic goods that are ready to be sold.
f. Cost of goods available sold = initial inventory + cost of goods purchased

Cost of goods sold = cost of goods available sold + cost of goods goods sold
Gross profit on sales' ='net sales + cost of goods sold

Overview of accounts – accounts in trading companies. The activities of trading companies, especially those using the periodic inventory method, carry out a number of accounts that are not found in suit companies. Accounts specifically found in trading companies consist of:

1. Sales
2. Return and sales deductions
3. Sales cash rebate
4. Purchase
5. Return and purchase discount
6. Cash rebate on purchases
7. Purchase freight costs
8. Merchandise preparation

The end-of-period procedures for trading companies that will be described below include:

1. Adjustment.

   The inventory method is very simple, but this method cannot provide information about two things that are indispensable in financial statements, namely information about the inventory of goods that are available at any time needed, and the price of basic goods that have been sold.

   COGS = STARTING INVENTORY+PURCHASING+ENDING INVENTORY

In line with this formula, the adjustment journal to record cost of goods sold and ending inventory in companies that use the periodic inventory method is as follows:

1.) Cost of goods sold............................xxx

Inventory of basic goods Xxx

(to move initial inventory into the cost of goods sold account)

2.) Cost of goods sold xxx

Purchase.. Xxx

(to move the balance of the purchase account to the cost of goods sold account)

3.) Supplies.. Xxx

Cost of goods sold............................xxx

(to record the final inventory balance)

Making a column balance in a trading company is no different from a service company, the column balance is prepared based on the balance sheet, adjustment, profit and loss, balance sheet

Financial statements on trading company reports are available on the column balance sheet, however, even though there is already a lane balance sheet, making financial statements must be done by paying attention to the usual ways of presentation, so that financial statements are informative enough for users.

In principle, making a closing journal in a trading company that must be made in a trading company is no different from a service company. The nominal accounts that must be closed consist of income accounts and expenses.

a. Closing revenue accounts, the main account in a trading company is the sales account.
b. Closing the expense account, the next stage is to move the balances of all expense accounts, to the profit and loss account with closing.
c. Closing profit and loss accounts, after all income and expense accounts are closed, then these accounts no longer have balances, because by posting journals, all account balances move to profit and loss accounts.
d. Closing of the prive account, in a sole proprietorship company on the prive account at the end of the year must be closed. The final stage in the accounting cycle of a trading company, is to create a balance sheet after the closing of the books.

PRACTICE QUESTIONS

1. Mention debited or credited accounts for (a) merchandise credit purchases and subsequent cash payments and (b) merchandise credit sales and subsequent cash receipts. (No returns, deductions and freight charges are considered)!
2. Describe the operating cycle for (a) the purchase and sale of merchandise cash and (b) the purchase and sale of merchandise credits!