

Ch1 Accounting in Action

❖ 會計之意義

會計係將經濟個體之經濟事項加以認定、衡量與彙總，產生有意義的經濟資訊，並將其傳達(communicate)給相關使用者，協助使用者作審慎判斷與決策。

❖ IFRS's two measurement principles:

Principle Comparisons	成本原則	公允價值原則
Requirement	Assets should be recorded at historical costs (HC) at the time it is purchased and over the time it is held.	Assets and liabilities should be reported at their fair value (FV) .
Definition	Original price paid to acquire an asset.	Price received to sell an asset or settle a liability.
Advantages	More reliable	More useful
Disadvantages	Useless information	More subjective and sometimes unavailable

→ 在選擇採用何種準則時，通常涉及下列兩者之權衡 (trade-offs)：

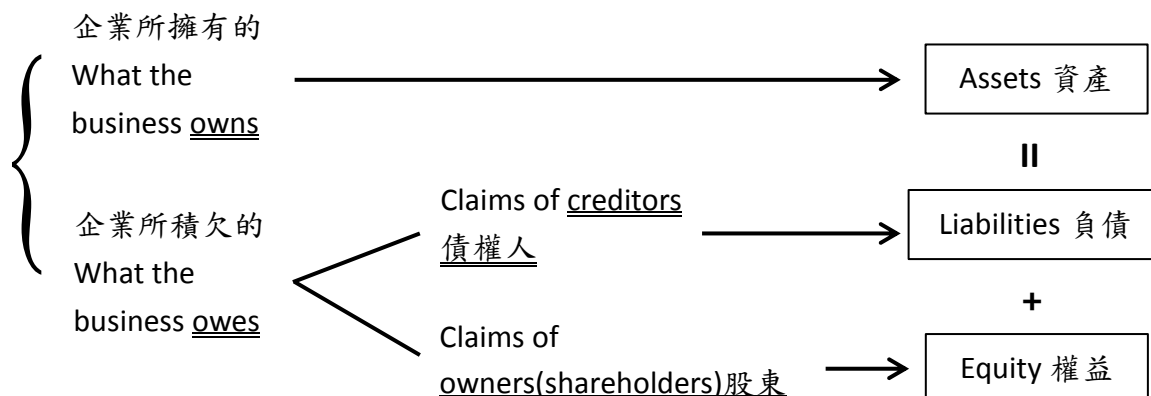
1. 攸關性 relevance (information makes a difference in a decision)；
2. 忠實表達 faithful representation (numbers and descriptions match the facts)

❖ Accounting Assumptions

貨幣評價假設 Monetary Unit Assumption	Only transactions that can be measured and expressed in terms of money be included in accounting record.	<ul style="list-style-type: none"> ✓ Enable accounting to quantify (measure) economic events. ✓ 缺點：prevents some relevant information from being included in the accounting records (e.g. customer satisfaction, morale of employees, intellectual property)
經濟個體假設 Economic Entity Assumption	All activities of an entity are kept separate and distinct from the activities of its owners and other economic entities.	<ul style="list-style-type: none"> ✓ 個體之活動應與下列活動區分開： <ol style="list-style-type: none"> (1) Shareholders' activities(股東不會因為公司被告而連帶被告) (2) All other economic entities ✓ 經濟個體種類：獨資(Proprietorship)、合夥(Partnership)、公司組織(Corporation)

❖ 會計基本方程式 Basic Accounting Equation

Two basic categories for economic event classification:



項目	定義	舉例
資產	係指企業所控制之資源，該資源係由過去交易事項所產生，且預期未來可產生經濟效益之流入	Cash, inventory, marketable securities, accounts receivable , land, equipment, plant, ...
負債	係指企業之現有義務，該義務係由過去交易事項所產生，且預期未來清償時將產生經濟資源之流出	Accounts payable , notes payable , tax payable , ...
權益	係指企業之資產扣除其所有負債後之剩餘權益(residual equity)	(1) Share capital 股本 (2) Retained earnings 保留盈餘 = (Revenues – Expenses) – Dividends = Net income – Dividends

Assets = Liabilities + Equity

= Liabilities + (Share Capital + R/E)

= Liabilities + [Share Capital + (Revenues – Expenses) – Dividends]

1. Identify the impact on the accounting equation of each of the following transactions.
 - a. Purchase office supplies on account.
 - b. Paid secretary weekly salary.
 - c. Purchased office furniture for cash.
 - d. Received monthly utility bill to be paid at later time.

2. Use the following information to calculate for the year ended December 31, 2009 (a) net income (net loss), (b) ending owner's equity, and (c) total assets.

Supplies	\$ 1,000	Revenues	\$23,000
Operating expenses	12,000	Cash	15,000
Accounts payable	9,000	Drawings	1,000
Accounts receivable	3,000	Notes payable	1,000
Beginning Capital	5,000	Equipment	6,000

3. Bill Phinnes decides to open a cleaning and laundry service near the local college campus that will operate as a corporation. Analyze the following transactions for the month of June in terms of their effect on the basic accounting equation. Record each transaction by increasing (+) or decreasing (–) the dollar amount of each item affected. Indicate the new balance of each item after a transaction is recorded. It is not necessary to identify the cause of changes in equity.

Transactions

- (1) Issued ordinary shares in exchange for \$20,000 cash on June 1.
- (2) Purchased laundry equipment for \$5,000 paying \$3,000 in cash and the remainder due in 30 days.
- (3) Purchased laundry supplies for \$1,200 cash.
- (4) Received a bill from College News for \$300 for advertising in the campus newspaper.

- (5) Cash receipts from customers for cleaning and laundry amounted to \$1,500.
- (6) Paid salaries of \$200 to student workers.
- (7) Billed the Lion Soccer Team \$200 for cleaning and laundry services.
- (8) Paid \$300 to College News for advertising that was previously billed in Transaction 4.
- (9) Paid dividends of \$700.
- (10) Incurred utility expenses for month on account, \$150.

Trans- action	Accounts				=	Accounts	Share	Retained
	Cash	+ Receivable	+ Supplies	+ Equipment		Payable	+ Capital	+ Earnings
(1)								
Balance								
(2)								
Balance								
(3)								
Balance								
(4)								
Balance								
(5)								
Balance								
(6)								
Balance								
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(9)								
Balance								
(10)								
Totals								