

Lesson № 2

Topic of the lesson: Balance. Types of changes in the balance sheet

Questions covered in the lesson:

1. Balance sheet: definition, information placed in the balance sheet, balance sheet items
2. Asset and liability of the balance sheet
3. Types of business transactions and their impact on the balance sheet

An element of accounting that characterizes the financial and economic activities of the organization, the state of its funds and their sources, is **the balance sheet**.

Balance is a method of grouping and generalized reflection of the placement of economic assets and sources of their formation in monetary terms on a certain date. In graphical form, the balance sheet is a two-sided table (the standard form of the balance sheet, its structure is established by the Ministry of Finance of the Russian Federation). The left side of the balance sheet is **an asset** (contains information on the placement of economic assets of the enterprise in terms of composition and placement).

The right side of the balance sheet **is a liability** (reflects the sources of the formation of economic assets).

The equality of the totals (**balance sheet**) of both parties is the main feature of the balance.

Each side of the balance sheet contains a certain system of indicators called balance sheet items. Articles are grouped into sections with numerical designation and economic content. Articles flesh out the section.

Based on the definition, the balance sheet is a snapshot of the state of economic assets at a certain moment (date), and economic activity is a dynamic process. The reflection of the dynamics of economic activity is carried out on the accounts of accounting.

Balance asset	Balance liability
I. Section "Non-current assets" Articles: - Fixed assets (accounts 01; 02) - Intangible assets (accounts 04; 05)	III. Section "Capital and reserves" Articles: - Authorized capital (account 80) - Reserve capital (account 82) - Additional capital (account 83) - Retained earnings (account 84)
II. Section "Current assets" Articles: - Stocks (accounts 10; 41; 44) - Cash and cash equivalent (accounts 50; 51) - Accounts receivable	IV. Section "Long-term liabilities"
	V. Section "Current liabilities" Articles: - Borrowed funds - Accounts payable (accounts 60; 68; 69; 70; 71)
Asset currency (total) = Liability currency (total)	

Types of business transactions and their impact on the balance sheet

1. The first type of business transaction - changes take place within the Balance Asset: on one account there is an increase in economic assets, on the other account there is a decrease in economic assets by the same amount (delivery of the pharmacy's daily revenue to the bank Debit D 51 - Credit K 50).

Correspond: active account with active; active with active-passive. These are the operations:

– receiving money from the bank from the current account to the cash desk for the issuance of wages (accounts 51; 50);

- transfer of economic assets to another accounting group (auxiliary material to the group goods account. 10; 41);

– repayment of receivables.

Formula

$$\mathbf{A + X - X = P.}$$

$$\mathbf{Active + X - X = Passive}$$

The result of the balance sheet currency does not change.

2. The second type of business transaction - the change goes according to the Liability of the balance sheet: on one account there is an increase in the sources of formation of economic assets, on the other account they decrease by the same amount (the premium is accrued due to retained earnings Debit D 84 - Credit K 70). Correspond: passive account with passive; passive with active-passive.

These are the operations:

- deductions from wages - personal income tax, shortage of inventory items (inventory and materials), loan amounts at the request of an employee, alimony, etc. (Debit D 70 - Credit K 68).

Formula:

$$\mathbf{A = P + x - x .}$$

$$\mathbf{Active = Passive + X - X}$$

The result of the balance sheet currency does not change.

3. The third type of business transaction - the increase is on the Asset and Liability of the balance.

Correspond: active account with passive; active with active-passive; passive with active-passive.

These are the operations:

– carrying out accrued wages and bonuses for the distribution costs of a pharmacy (Debit D 44 - Credit K 70);

– accrual of depreciation of fixed assets (FA), intangible assets (IA) and posting on IO (Debit D 44 - Credit K 02)

- obtaining a bank loan;

- receipt and posting of goods (Debit D 41 - Credit K 42 - Credit K 60).

Formula

$$\mathbf{A + x = P + x .}$$

$$\mathbf{Active + X = Passive + X}$$

The balance sheet total increases.

4. The fourth type of business transaction - reduction goes according to the Asset and Liability of the balance.

Correspond: active account with passive; active with active-passive; passive with active-passive.

These are the operations:

– payment of accounts payable:

- for the received goods to the supplier (Debit D 60 - Credit K 51);

- before the budget - taxes (Debit D 68 - Credit K 51);

– employees on wages (Debit 70 - Credit K 50).

Formula **A - x = P - x** .

Active-X=Passive-X

The balance sheet total decreases.