



Accounting Stuff

Financial Accounting is built on one simple idea: The stuff that your business owns is equal to the stuff that you owe. Assets equal liabilities plus equity. When Ruff Times owes stuff to you the owner this represents your claim on the business's net assets. The accounting equation was written down a long time ago by this guy in this book and it revolutionized the way we record. Ruff Times uses double-entry accounting, the theory that there are at least two equal and opposite sides to every transaction. Credits represent the sources that economic benefit flows from whereas debits represent the destinations that it flows to. Ruff Times has other accounts too; it has a whole collection of accounts. The next step is to post the journal into your general ledger. Ruff Times has n't been playing by the accounting rule books. Ruff Times follows IFRS or GAAP accounting principles IFRS and GAAP. The rules make sure that your financial statements reflect a true and fair view of your business which is important because a lot of people rely on financial statements particularly those who lent you money or invested in your business.

Ruff Times received \$ 40,000 of cash during March but you actually earned that revenue over the next twelve months. Receiving cash is not the same as earning revenue, let me show you. We can fix this situation by reversing 3 out of the 12 months of your subscription revenue which is \$ 10,000 and temporarily holding it as a liability in an account called deferred revenue or unearned revenue. Financial Accounting is the process of identifying and recording, summarizing and analyzing your business's financial transactions and reporting them in financial statements. Ruff Times has now hit a hundred thousand subscribers on this channel. If