The Importance of Understanding Internal Accounting in Everyday Life

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Abstract
Accounting is not just about calculating numbers and translating data into financial reports. More than that, Accounting is a science that equips individuals with the ability to manage finances, analyze data, and make wise decisions. Whether someone aims to manage personal finances more efficiently, run a business with more structure, or even understand the impact of financial decisions on a large scale. Therefore, in this research, we will discuss in more depth the importance of knowing accounting in everyday life. The aspects that will be discussed are the application of accounting in everyday life, the benefits of accounting in life, and what accounting activities are in everyday life.

INTRODUCTION
1.1. BACKGROUND
Accounting itself is a process of recording, grouping, summarizing, processing and presenting data, transactions and all financial activities so that it can be used as a reference in making economic decisions and other purposes. One of the terms in accounting that is often used is journal, where this journal is an activity of recording transactions that occur in detail and also sequentially. Accounting is definitely very closely related to money issues and financial reports, applying accounting in everyday life is very necessary to be able to manage personal finances properly. The benefit of having accounting in everyday life is that we can find out what income and expenses come from our money and can also control and supervise our finances. Many people think too little if our finances are left like that without any calculations and records, it will result in uncertainty about where the money we spend goes and we also won't be able to control it.

The finances. Applying accounting in everyday life really helps in controlling our finances. With this recording, someone can consider the decision to be taken whether the decision is right or not. Managing finances is not easy because a person's life is not far from debt, with this record we can also find out whether our financial position is in a safe stage or not. There are four aspects of accounting practice in household life, namely budgeting, recording, decision making, and long-term planning. These four aspects are things that must be done in managing finances in household life, so that a sense of mutual openness regarding financial problems is created, does not cause disputes within the family, and increases the sense of responsibility in managing family finances.

Following are several definitions of accounting according to experts:
1. According to Weygandt, Kieso, and Kimmel
For them, accounting is a part of an information system that identifies records and communicates economic incidents in an organization to interested users.

2. Sunyanto (1999)
For him, accounting is a stage in the process of collecting, identifying, recording, classifying, summarizing and presenting or reporting many financial transactions and interpreting the results for decision making.

In general, accounting is an information system that produces reports to parties who have economic activities and company conditions.

4. Suparwo L (1990:2)
For him, accounting is a technique for measuring and managing financial transactions and providing management results in the form of information to internal and external parties, meaning investors, government creditors, labor unions and others.

According to him, the definition of accounting is a process of identifying, measuring and reporting economic information to enable clear and firm assessments and decisions for those who use the information.

For him, accounting is the art of recording, classifying and summarizing events which are at least partly of a financial nature in the quickest way possible and expressed in terms of money, as well as the interpretations that arise from them.

7. Paul Grady
Accounting is a body of knowledge and organizational functions that are systematic, authentic and original in recording, classifying, processing, writing summaries, analyzing and interpreting all transactions, events and financial characteristics that occur in the operations of an accounting entity with the aim of providing meaningful information. Management is required as a report and accountability for the trust it receives.

8. Winarno
Accounting is a process of recording financial transactions and processing financial transaction data and presenting information to entitled and interested parties.

In their book, Committee on Terminology of the American Institute of Certified Public Accounting Bastian and Suharjono (2006). The definition of accounting is the art of recording, classifying and summarizing financial transactions and events in a meaningful way in terms of money and investing the results.

1.2. FORMULATION OF THE PROBLEM
Based on the description in the background, the problems that will be discussed in this writing are:
1. How do you apply accounting in everyday life?
2. What are the benefits of accounting in everyday life?
3. What accounting activities occur in everyday life?

1.3. RESEARCH PURPOSES
The aim of this research is to find out how to apply accounting in life, what benefits there are in accounting
that refer to life, and what accounting activities can be carried out in everyday life.

LITERATURE REVIEW

Accounting is an essential part of life. In all parts of the world humans use accounting techniques to solve financial problems such as checking the amount of money we have in our pockets or in our bank accounts, or how much money has been spent to buy products or services. Even more sophisticated accounting techniques are used in business for large-scale transactions. However, many of us don't realize that accounting is present in everyday life.

RESEARCH METHOD

The research method used is the library research method only carry out a review of the literature, because it is appropriate to the topic being discussed.

RESULTS and DISCUSSION

4.1 Application of Accounting in everyday life

In general, accounting is a process of recording financial transactions in a certain way to produce financial reports that can be used by various parties. Accounting is generally often applied in company or business settings. However, accounting can actually also be used in everyday life.

How to apply accounting in everyday life

Without realizing it, we actually use accounting services in our daily lives. When a mother makes notes about the items she has purchased after shopping at the market, then basically she has used some of the accounting techniques.

Another example, a shop owner records the purchase of his merchandise, notes who owes money to his shop, separates the money coming in from sales from the money allocated for shopping for merchandise and the shop's operational needs.

From some of these activities, basically the shop owner has also applied accounting techniques. The application of knowledge in the field of accounting certainly becomes broader and more complex when faced with businesses on a larger scale.

If detailed, here's how to apply accounting in everyday life:

1. Recording Cash Inflow

To apply accounting in everyday life, the first step that needs to be taken is to record cash inflows. In this recording, you can enter information in the form of the name of the product purchased, the number of products purchased, and the total payment. This recording can be made in the form of a neat and focused table to later be used as a daily, weekly or even monthly report.

2. Making Expenditure Flow Records

Apart from recording incoming money, also make a note of the flow of expenditure. The table can be filled with information on transaction dates, expenditure amounts, as well as debits and credits. This information from recording the flow of expenditure can be used to limit existing expenditure or keep expenditure within a safe level.

3. Make records of cash in and out of funds

Apart from the two types of records above, we can also record cash in and out of funds. This note contains the date, payment information, expenses, use and remaining balance. Make this record every time there is an outflow and inflow of funds.
4. Create a Simple Profit and Loss Report

For those who run a small business, you also need to make a profit and loss report which can be filled in with account information, business income, cost of goods sold, price of product sales and purchases.

Making a simple profit and loss report is useful for finding out total income and cost of goods, which will later find the gross profit.

5. Implementing Stock Reports

Not only has profit and loss reported, small-scale business owners also create stock reports. This report contains information on goods transactions, descriptions of goods, mutations and total stock of goods.

4.2 Benefits of Accounting in Everyday Life

1. As a means of planning, coordination, supervision and control

The first benefit of accounting is that it can be used as a reporting tool to managers who are internal parties in direct connection with the company who need financial information presented through the accounting process for planning, coordination, supervision and control of the company's conditions and finances.

2. A means of planning and determining company activities

The next benefit of accounting is as a means of planning and determining what company activities are. The financial report itself will later present cash and non-cash asset data from the company. As an operational interest, the Company needs this asset data to know validly and accurately about the company's liquidity conditions.

So that it is clearly planned, it can be determined whether the company is able to make purchases, pay debts and allocate other economic resources.

3. Basis for calculating tax

The next benefit of accounting is as a basis for calculating taxes. Companies themselves have an obligation to pay taxes to the state. The amount of tax that must be met will be adjusted to the condition of the company's profits. The profit or profits that a company has obtained in a certain period will be known through the accounting process. Apart from that, company tax policies can also be determined by analyzing financial reports.

4. To obtain loans from creditors

The next benefit of accounting is that as a means of borrowing capital it usually has certain requirements such as the company's liquidity ratio which must be good. This ratio can later be calculated through financial reports. The way to do this is by comparing assets to current liabilities in short. Later, these creditors could come from banking institutions or other institutions.

5. Providing financial information for investors

In economic activities, of course all parties will be careful when making investments, including investors. The benefit of accounting itself in this process is that it can provide financial information to investors.

Investors will usually be interested in investing large amounts of money. Therefore, caution and careful consideration are needed to decide whether
investors themselves will hand over their money or not to a company.

6. Become a consideration for business partners

The next benefit of accounting is as a consideration for someone whether in the future we will be able to determine other companies that have less good financial conditions because they could cause losses for us. This is clear because the company wants to gain profits from every business relationship. So condition whether a company is good or not is reflected in its financial statements.

7. It is a tool of accountability

The final benefit of accounting is as a tool of accountability. Accountability itself starts with the manager who sets policies related to the company's operational activities, including financial policies. Whether these policies are working well or not can easily be seen through the company's end-of-period financial report.

4.2 Accounting activities in everyday life

Examples of financial accounting in everyday life

Financial accounting, which is often considered as something closely related to business and companies, also has an important role in our daily lives.

1. Create a household budget

Example of financial accounting in a household

First of all, household budgets are one of the most direct examples of the use of financial accounting concepts in everyday life. When making a budget, be sure to record all income and expenses. Recorded income is the same as "company income", while expenses are like "company costs" that must be spent on various needs and desires. By monitoring finances regularly, we can identify spending patterns, allocate funds more wisely, and avoid impulsive spending.

2. Pay monthly bills

Monthly bill

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The next example of financial accounting in everyday life is paying monthly bills. Every month, we receive various bills such as electricity, water, gas and telephone. Setting up payment records is similar to recording bills in company accounting.

3. Make personal financial reports

Personal financial reports are the same as making company financial reports, but this time they are implemented on personal expenses. This includes keeping track of all assets (such as savings and investments), debts (such as credit card debt), and your own mo v (net worth).

4. Record business expenses

Small business expenses (angkringan)

The next example of financial accounting in everyday life is recording small business expenses. If you have a small or side business, recording business expenses is an important step in running your business well.

5. Stock or bond investment
If investing in the stock or bond market, we will monitor price movements and decide when to buy or sell. This involves financial analysis such as profit ratios, stock prices, and more, similar to how companies analyze their investments. If you have a portfolio of stocks, bonds or other investments, it is important to regularly monitor the investment value.

6. Manage pension funds

The next example of financial accounting in everyday life is managing pension funds. If you have a retirement plan or investment account for retirement, so you have to manage investments and monitor their growth. This involves investment strategies and portfolio monitoring to ensure the retiree's finances.

7. Tax recording

Every year, we have to report income tax. This is an important accounting process where we have to report all income and expenses. Taxes are one concrete example of how financial accounting is used in relation to government-administered taxes.

8. Record credit debt
If you have credit debt such as a mortgage or student loan, you need to record your monthly payments and track the remaining debt. This involves calculating interest and ensuring that you pay off your debt according to your schedule.

6. CONCLUSION

In everyday life, accounting is not just something limited to the business world. Accounting is a tool that can help us take control of our finances, maintain a balance of income and expenses, and plan for our financial future.

By understanding and applying accounting examples you can develop better financial skills.

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