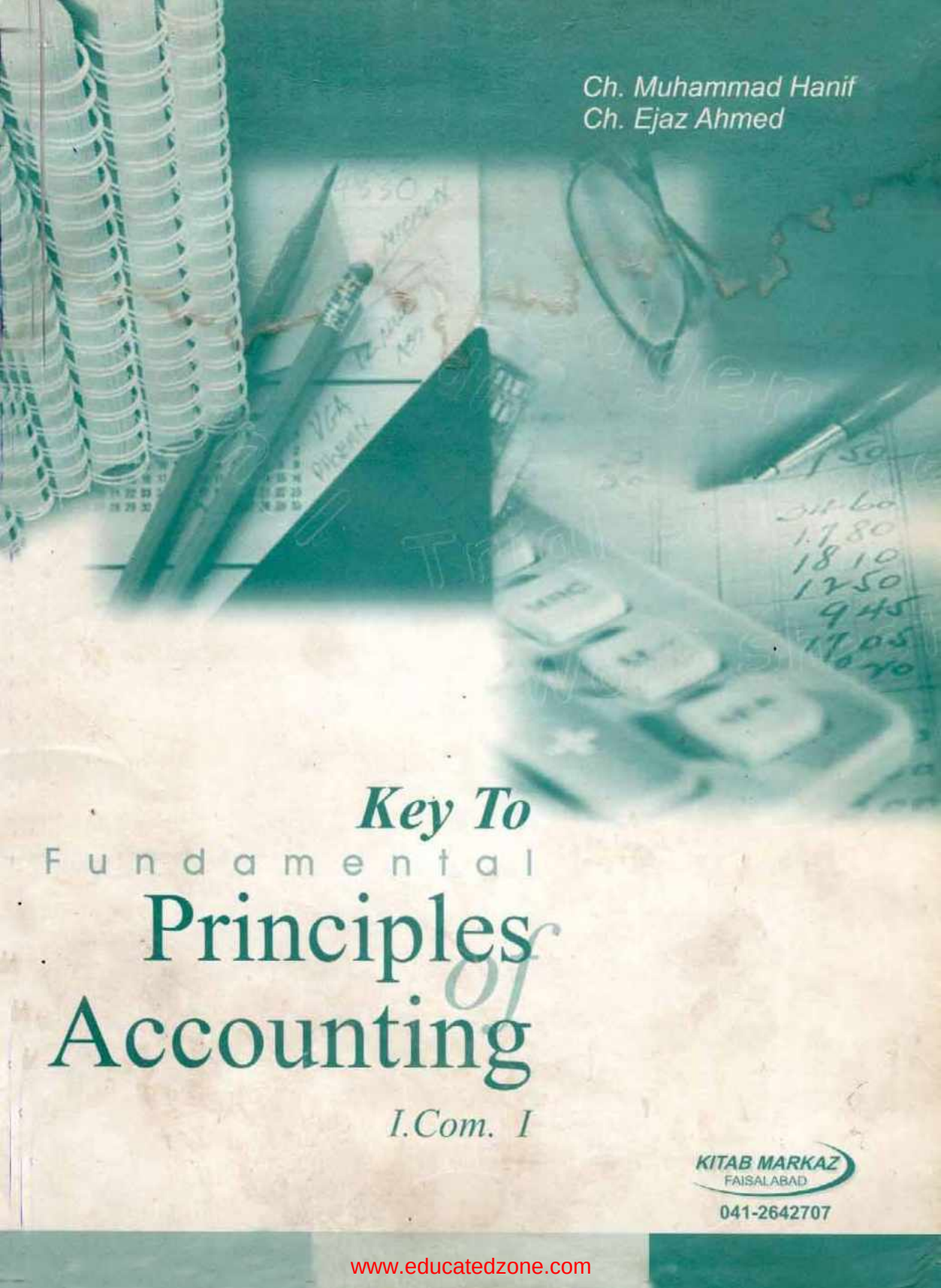




Ch. Muhammad Hanif
Ch. Ejaz Ahmed

Key To
Fundamental
Principles
Accounting

I.Com. I

KITAB MARKAZ
FAISALABAD

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KEY
TO
FUNDAMENTAL
PRINCIPLES OF
ACCOUNTING

For

I. Com. Part - I

By

Ch. Muhammad Hanif

B. Com (Hons), M.Com, M.A Economics

Professor of Commerce (R)

Govt. Municipal Degree College, Faisalabad.

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Composed & Designed By:

Muhammad Farrukh Hanif

M. Com

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Contents

Sr. #	Chapters	Page #
2	BUSINESS TRANSACTIONS AND ACCOUNTING EQUATION	5
3	NATURE OF ACCOUNTS AND RULES OF DEBIT CREDIT	9
4	JOURNAL	13
5	LEDGER AND TRIAL BALANCE	19
6	BANK AND BANKING TRANSACTIONS	37
7	SUB-DEVISION OF JOURNAL FOR CASH TRANSACTIONS	43
8	SUB-DEVISION OF JOURNAL FOR NON-CASH TRANSACTIONS	55
9	BANK RECONCILIATION STATEMENT	59
10	BILLS OF EXCHANGE AND PROMISSORY NOTE	69
11	FINAL ACCOUNT BASIC-1	87
12	FINAL ACCOUNTS WITH ADJUSTMENT	95
13	CAPITAL AND REVENUE	119
14	RECTIFICATION OF ERRORS	125
15	WORK SHEET	139
16	FINANCIAL STATEMENTS	149

2

BUSINESS TRANSACTIONS AND ACCOUNTING EQUATION

Problem No. 1

Solution:

	Assets			= Liab.	+ Owner's Equity
	Cash	+ Merchandise	+ Furniture	= A/P	+ Capital
	50000				50000
(a)	---	+ 3000		= 3000	---
Balance	50000	+ 3000		= 3000	+ 50000
(b)	- 6000	----	+ 6000	----	----
Balance	44000	+ 3000	+ 6000	= 3000	+ 50000
(c)	- 20000	+ 20000	----	----	----
Balance	24000	+ 23000	+ 6000	= 3000	+ 50000
(d)	- 200	----	----	----	- 200
Balance	23800	+ 23000	+ 6000	= 3000	+ 49800
(e)	+ 13000	- 10000	----	----	+ 3000
Balance	36800	+ 13000	+ 6000	= 3000	+ 52800
(f)	- 3000	----	----	- 3000	----
Balance	33800	+ 13000	+ 6000	= 0	+ 52800
Total:		52800		= 52800	

Problem No. 2

Solution:

Date	Assets			= Liabilities		+ Owner's Equity
	Cash	+ Building	+ Goods	= O/s Salaries	+ Creditors	+ Capital
i)	50,000					+50,000

ii)	-10,000	+10,000				
Balance	40,000	10,000				+50,000
iii)	-1,000			= 200		-1,200
Balance	39,000	+10,000		= 200		+48,800
iv)	-10,000		+12,000		+2,000	
Balance	29,000	+10,000	+12,000	= 200	+2,000	+48,800
v)	+15,000		-10,000			+5,000
Balance	44,000	+10,000	+2,000	= 200	+2,000	+53,000
vi)	-500					-500
Balance	43,500	+10,000	+2,000	= 200	+2,000	+53,300
Total:	55,500				=	55,500

Problem No. 3

Solution:

	Assets				= Liab.	+ Owner's Equity
	Cash	+ Building	+Furniture		= A/P	+ Capital
(a)	+ 25000					+ 25000
(b)	- 10000	+ 10000				
Balance	+ 15000	+ 10000			+ 14000	+ 25000
(c)			+ 14000			
Balance	+ 15000	+ 10000	+ 14000		+ 14000	+ 25000
(d)	+ 139000					+ 139000
Balance	+ 154000	+ 10000	+ 14000		+ 14000	+ 164000
(e)	- 1505					- 1505
Balance	+ 152495	+ 10000	+ 14000		+ 14000	+ 162495
(f)	- 1200					- 1200
Balance	+ 151295	+ 10000	+ 14000		+ 14000	+ 161295
Total:	175295			=		175295

Problem No. 4

Solution:

Date	Assets				Equities
	Cash	Merchandise	Furniture	A/cs Receivable	Capital
2006	Rs.	Rs.	Rs.	Rs.	Rs.
July, 1	+50000				+ 50000
July, 1	-10000	+ 10000			
July, 8	- 8000		+ 8000		
July, 12		- 8000		+ 10000	+ 2000
July, 15	-14000	+ 14000			
July, 22		- 6000		+ 8000	+ 2000
July, 27	+10000			+ 10000	
Balance	28000	+ 10000	+ 8000	+ 8000	54000
Total Assets = Rs. 54,000, Total Equities Rs. 54,000					

Problem No. 5

Solution:

	Assets				= Liab.	+ Owner's Equity
	Cash	+ Furniture	+ Merchandise	+ A/R	= A/P	+ Capital
	80000					80000
(a)	- 6000	+ 6000				
Balance	74000	+ 6000				+ 80000
(b)			+ 20000		= 20000	
Balance	74000	+ 6000	+ 20000	+ 10000	= 20000	+ 80000
(c)			- 8000	+ 10000		+ 2000
Balance	74000	+ 6000	+ 12000	+ 10000	= 0	+ 82000
(d)			- 10000			+ 100
Balance	54100	+ 6000	+ 12000	+ 10000	= 0	+ 82100
(e)	+ 13000		- 10000			+ 3000
Balance	67100	+ 6000	+ 2000	+ 10000	= 0	+ 85100
(f)	+ 9950			- 10000		- 50
Balance	77050	+ 6000	+ 2000	+ 0	= 0	+ 85050
g(i)	- 1500					- 1500
Balance	75550	+ 6000	+ 2000	+ 0	= 0	+ 83550
g(ii)	- 2000					- 2000
Balance	77050	+ 6000	+ 2000			85050
Total	85050				=	85050

Problem No. 6**Solution:**

	Assets					= Liab.	+ Capital
	Cash	+Furniture	+Merchandise	+Supp	+Post.	= A/P	+ Capital
a)	73500						73500
b)	12000	+ 18000				= 6000	
Balance	61500	+ 18000				= 6000	73500
c)			+ 7000			+ 7000	
Balance	61500	+ 18000	+ 7000			= 13000	73500
d)	- 5000		+ 5000				
Balance	56500	+ 18000	+ 12000			= 13000	73500
e)	- 1300			+ 800	+ 500		
Balance	55200	+ 18000	+ 12000	+ 800	+ 500	= 13000	73500
f)			-1000			- 1000	
Balance	55200	+ 18000	+ 11000	+ 800	+ 500	= 12000	73500
g)	- 200						-200
Balance	55000	+ 18000	+ 11000	+ 800	+ 500	= 12000	73300
Total:		85300					85300

Problem No. 7**Solution:**

	Assets				= Liab.	+ Owner's Equity
Balance	Cash	+A/R	+Supplies	+Tools	A/P	+Capital
a)	+3300 -400	+1900	+1700	+8150	+3050	+12000
Balance	+2900	+1900	+1700	+8150	+3050	+11600
b)	-100		+100			
Balance	+2800	+1900	+1800	+8150	+3050	+11600
c)	-500				-500	
Balance	+2300	+1900	+1800	+8150	+2550	+11600
d)	-200			+550	+350	
Balance	+2100	+1900	+1800	+8700	+2900	+11600
e)	+900					+900
Balance	+3000	+1900	+1800	+8700	+2900	+12500
f)		+210				+210
Balance	+3000	+2110	+1800	+8700	+2900	+12710
g)	+650	-650				
Balance	+3650	+1460	+1800	+8700	+2900	+12710
h)	-150					-150
Balance	+3500	+1460	+1800	+8700	+2900	+12560
Total:	15460				=	15460