

04 May 2017

### Three activities of Accounting :-

- It must be measured in terms of money
- (i) Identification      Transaction → It must be relevant to the business  
Event → Discussing product design with the customers
- (ii) Recording      Journalising the transaction (भौगोलिक) [Journal]  
Ledger (खंडकाल)  
Trial Balance (रुपाली)
- (iii) Communication → Communicate with Inter-state users.

### The Users of Accounting :-

- (i) Internal Users : Internal users are those users who run plan and organise the business.  
R & D (Most Important), HR, Management Dept., IT Dept etc.
- (ii) External Users : External users are those users who are outside the organisation.

\* organisation → Account maintained, individual → it  
first consideration → व्यापार एवं

Debitors / Accounts Payable (Debtors)

Debtors / Accounts Receivable (Creditors)

Employee or External Users.

All the creditors are External Users.

GAAP (Generally Accepted Accounting Principle)

GAAP is a set of standards that shows how to record each and every transaction in the books of accounts.

What is GAAP?

Account Equation:

Assets = Liabilities + Owners' Equity

(A)

(L)

(OE)

Assets are the resources owned by a business.

Liabilities are obligations you must have to pay.

## Journal Analysis of Transaction

Investment by owners 10,000 in a business.

Purchase equipment for 5,000 in cash.

Paid 400 cash for office rent.

Receive 5,000 from customer for repair service.

Withdraw 1,000 cash for personal use.

Paid

Part-time employee salaries of 2,000.

Journal form of the above mentioned examples —

[Dual Impact]

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

		Explanation
<u>Cash + Equipment</u>		
) 10,000	(+) 10,000	Investment
) 5,000	(+) 5,000	
) 400	(-) 400	Expense (Rent)
) 5,000	(+) 5,000	Revenue (Service)
) 1,000	(-) 1,000	Withdrawal
) 2,000	(-) 2,000	Salary Expense

marks 08 - Question 08 (Q) 08 (Q)

Owner's Equity " 08 - impact 08 (Q) 08 explanation 08 (Q)

Date	Assets		=	Liabilities + Owner's Equity	Explanation
May - 1	Cash + Equipment + Supplies + Acc. <sup>Accts. Payable</sup> + <sup>Portb.</sup>				
May - 1	(+) 10,000			(+) 10,000	Investment
May - 2	(-) 5000	(+) 5000			
May - 3	(-) 400			(-) 400	Rent Expense
May - 4	(-) 500	(+) 500			
May - 5			(+) 250	(-) 250	Advertising Expense
May - 6	(+) 6,100			(+) 6,100	Service Revenue
May - 7	(-) 1,000			(-) 1,000	Withdrawal
May - 8	(-) 2,000			(-) 2,000	Salaries Expense
May - 9	(-) 170			(-) 170	Utility Expense
May - 10		(+) 750		(+) 750	Service Revenue
May - 11	(+) 120		(-) 120		
	<u>7,150</u>	+ <u>5,000</u>	+ <u>500</u>	<u>630</u>	<u>250</u>
					<u>13,030</u>
					= 13,280
	⇒ 13,280				

334734 - First Test!

closing sign ( $=$ )

### Income Statement

All expenses are deducted from revenue

\*  $R > E_x = \text{Net Income}$

\*  $R < E_x = \text{Net Loss}$

Threat's Repair Shop  
Income Statement  
for the month ended May 31, 2016

Particulars	Amount (\$)
<u>Revenue</u>	
Service Revenue ( $6100 + 750$ )	
Total Revenue	6850
<u>(-) Expenses</u>	
Rent Expense 400	
Advertising Expense 250	
Salaries Expense 2000	
Utility Expense 170	
Total Expense 2850	2850
Net income	\$ 4030

25 May 2017

Threeet's Repair Shop

Owner's Equity Statement

For the month ended May 31, 2016

Particulars	Amount (\$)
Investment	10,000
(+) Net income	4,030
	<hr/>
	14,030
(-) Withdrawal	1,000
	<hr/>
Ending Owner's Equity →	<u>13,030</u>

(P.T.O.)

(Credit Driven) C.R. & D.R.

(L.V.)

Threat's Repair Shop,  
Balance Sheet

For the month ended May 31, 2016

10/16/16

Particulars	Amount (\$)
<u>Assets</u>	
Cash	7150
Equipment	5000
Supplies	500
Account Receivable	630
Total Assets →	<u><u>13,280</u></u>
<u>Liabilities &amp; Owner's Equity</u>	
<u>Liabilities</u>	
Accounts payable	250
Ending Owner's Equity	13,030
Total Liabilities & Owner's Equity	<u><u>13,280</u></u>

- \* 2nd year math current am 21
- \* 1st year 2nd Landscape art - table draw art 1
- \* Balance BD (Bought Down)
  - ↓
  - (b/d)

## Transaction Analysis

Date	Assets	Liabilities + Owner's Equity	Explanation
Balance	cash + Accounts Receivable + Supplies + Equipment	= Accounts Payable + Note Payable	
6/d	(+) 9,000      (+) 1,700      (+) 600      (-) 2,900	(+) 3600      (+) 3600      (-) 2,900	Investment
September - 1			
September - 2	(+) 1,300      (-) 1,300	(+) 2,100      (+) 1,300	Service Revenue
September - 3	(-) 800		Withdrawal
September - 4	(+) 2,500	(+) 5,300	
September - 5	(-) 1,100	(-) 1,100	
September - 6	(-) 1,700	(-) 1,700	Salaries Expense
	(-) 900	(-) 900	Rent Expense
	(-) 450	(-) 450	Advertising Expense
September - 7		(+) 170      (-) 170	Utility Expense
September - 8	(+) 10,000	(+) 10,000	
	<u>14,950</u>	<u>5,700</u>	
	<u>600</u>	<u>8,100</u>	
	<u>2,170</u>	<u>10,000</u>	
			<u>17,180</u>
			= 29,350

## Transaction Analysis

Date	Assets		Liabilities + Owner's Equity Explanation
	Cash + Accounts Receivable + Supplies + Equipment	=	Accounts Payable + Note Payable
Balance			
6/1/d	(+) 9,000	(+) 1,700	(+) 6,000      (+) 3,600      (+) 13,700
September - 1	(-) 2,900		(-) 2,900
September - 2	(+) 1,300	(-) 1,300	
September - 3	(-) 800		
September - 4	(+) 2,500	(+) 5,300	(+) 7,800
September - 5	(-) 1,100		(-) 1,100
September - 6	(-) 1,700		
	(-) 900		(-) 1,700
	(-) 450		(-) 900
September - 7	(+) 170	(-) 170	(-) 450
September - 8	(+) 10,000		(+) 10,000
	<u>14,950</u>	<u>5,700</u>	<u>600</u>
			<u>8,100</u>
			<u><u>2,170</u></u>
			<u><u>10,000</u></u>
			<u><u>17,180</u></u>
			17,180
			29,350
			= 29,350

count 'એવું હજુ 'DUE' અન્ધું',  
બિલે 3થી - ક્ષાળા રહેણે એકાલ માટે વિધીમ હતું।

\* sheet અંદર p1 - 3A થાણે |

卷之三

## Transaction Analysis

Brandon Beckham  
 Income Statement  
 for the month ended 30 June 2016

Particulars	Amount (£)
Service Revenue ( $4,400 + 1300$ )	£, 700
<u>→ Expenses</u>	
Rent Expense	500
Gasoline Expense	200
Utilities Expense	250
Salaries Expense	1000
Total Expenses	1,950
Net income	<u>£, 750</u>

Problem Set B Var P1-3B and var Assignment (extra credit)

08 Jun 2017



## Chapter - 02

### Recording Process

#### 1) Accounts

Debit	credit
left side	Right side

- \* In year २०१७ ना घावला असेही नित वरे।
- \* Accounting is based on "Double-impact". Only "Transaction" record (व्यवहार वरे)
- \* Every "Debit" has equal amount of "Credit".
- \* "Withdrawal" is an "Expense" in a business.

Debit (Dr). (if increases)	{ Asset Expense withdrawal	Liabilities Revenue Owner's Equity	{ credit (Cr) (if increases) (vice-versa)
-------------------------------	----------------------------------	--	---

## Accounts

## Frontiere Park

## Journal

mainly Page No. hold org

	Particulars	Ref	Debit	Credit
17 1-1	Dual Impact! (Cash ..... Dr Mr. Karim's Capital... Cr (Investment by owner))		35,000	35,000
- 4	Land ..... Dr Cash ..... Cr (Purchased Land in Cash)		27,000	27,000
- 8	Advertising Expense.... Dr Accounts Payable... Cr (Incurred Advertising Expense)		1,800	1,800
- 11	Salaries Expense.... Dr Cash ..... Cr (paid salary in cash)		1,500	1,500
1-12	No Transaction			

transaction "May" স্বত্ত্ব অনুমতি দেওয়া April-12 মে

transaction (রেজি) So, "No Transaction".

স্থানীয় ক্ষেত্র কিনু শুধু কর্তৃপক্ষ / yearly count এর  $\Rightarrow$  "ASSET"

Journal এর প্রথম Balancing করা হবে রেজি (রেজি)

18 Jun 2017

Frontier Park  
Journal

A+E+w — + — Dr  
 C+R+L — + — Cr

Date	Particulars	Ref	Debit	Credit
April - 13	Prepaid Insurance....Dr Cash .... Cr (paid insurance policy for one year)		1,650	1,650
April - 17	Withdrawal .... Dr Cash .... Cr (withdrawal by owner)		1,000	1,000
April - 20	Cash .... Dr Service Revenue...Cr (Received admission fee in cash)		6,800	6,800
April - 25	Cash - (25x100) Dr Unearned Service Revenue...Cr (Received cash in advance)		2,500	2,500
April - 30	Cash - = = Dr Service Revenue...Cr (Received cash for admission fee)		8,900	8,900
April - 30	Accounts payable...Dr Cash ... Cr (paid [partial] previous payment)		900	900

May

Desiree Clark  
Journal

Date	Particulars	Ref	Debit	Credit
2017				
May - 1	Cash ----- DR Clark Capital --- CR (Investment by owner)		20,000	20,000
May - 2	No Transaction		—	—
May - 3	Supplies ----- DR Accounts Payable --- CR (Purchased supplies on account)		2500	2500
May - 7	Rent Expense ----- DR Cash ----- CR paid Rent Expense in cash)		900	900
May - 11	Accounts Receivable --- DR Service Revenue --- CR (Performed Services for clients)		3200	3200
May - 12	Cash ----- DR Unearned Service Revenue --- CR (Received cash in advance)		3500	3500
May - 17	Cash ----- DR Service Revenue --- CR (Received Cash for Service provided)		1200	1200

May - 31	Salary Expense - - - Dr	2000	
	Cash - - - - Cr		2000
	(Paid salary in cash)		2000
May - 31	Accounts Payable - - - Dr	1500	
	Cash - - - - Cr		1500
	(Paid 60% of Read Supply Company)		1500

Qurz - 01 [ 13 July ] (Next Thursday)

Journal w/ अन्तर्गत ।

20 July 2017  
Ledger

Journal Entry - 1 (Dr side Column First)

-2A(b)

\* Dr > Cr → Debit Balance

Cr > Dr → Credit Balance

\* "Asset" always Debit Balance

"Liability / Revenue always Credit Balance"

Clark Capital

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May - 1	Cash			20,000	20,000

Desirée Clark  
Ledger

Cash

Date	Particulars	Ref	Debit	Credit	Balance
2017					.
May-1	Clark's Capital		20,000		20,000
May-7	Rent Expense			900	19,100
May-12	Unearned Service Revenue		3,500		22,600
May-17	Service Revenue		1,200		23,800
May-31	Salaries Expense			2,000	21,800
May-31	Accounts Payable			1,500	20,300
					.

Desiree Clark  
 Ledger  
 Supplies

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May - 3	Accounts Payable		2,500		2,500

Accounts payable

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May - 3	Supplies			2,500	2,500
May - 31	cash		1,500		1,000

Desiree Clark  
Ledger  
Rent Expense

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May-7	Cash		900		900

Accounts Receivable

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May-11	Service Revenue		3,200		3,200

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Desiree Clark  
Ledger  
Service Revenue

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May-11	Accounts Receivable			3,200	3,200
May-17	Cash			1,200	4,400

Desiree Clark  
Ledger  
Unearned Service Revenue

Date	Particulars	Ref	Debit	Credit	Balance
2017					
May-12	Cash			3,500	3,500

Salaries

Date	Particulars	Ref	Debit	Credit	Balance
2017 May-31	Cash		2,000		2,000

Desirée Clark

Trial Balance

May - 31, 2017

SL. No	Particulars	Ref	Debit	Credit
1	Cash		20,300	
2	Capital			20,000
3	Supplies		2,500	
4	Accounts Payable			1,000
5	Rent Expense		900	
6	Accounts Receivable		3,200	
7	Service Revenue			4,400
8	Unearned Service Revenue			3,500
9	Salaries Expense		2,000	
			<u>28,900</u>	<u>28,900</u>

27 July 2017  
(Extra sheet [small])

Bob Sample  
Journal

Date	Particulars	Ref	Debit	Credit
2016 Sep - 4	prepaid Insurance---Dr Cash --- Cr (paid insurance for one year)		1,200	1,200
Sep - 10	Advertising Expense---Dr Accounts payable --- Cr		200	200
Sep - 20	withdrawal --- Dr Cash --- Cr (withdrawal by owner)		700	700
Sep - 30	Cash --- Dr Service Revenue --- Cr (Received cash for service provided)		6,200	6,200

Ledger  
Cash

(b)

Date	Particulars	Ref	Debit	Credit	Balance
2016					20,000
Sept-1	Bob's capital		20,000		19,000
Sep-2	Rent Expense			1,000	19,000
Sep-3	Equipment			10,000	9,000
Sep-4	Prepaid Insurance			1,200	7,800
Sep-20	withdrawal			700	7,100
Sep-30	Service Revenue		6,200		13,300

Bob's Capital

Date	Particulars	Ref	Debit	Credit	Balance'
2016					
Sept-1	Cash			20,000	20,000

# Ledger

## Rent Expense

Date	Particulars	Ref	Debit	Credit	Balance
2016 Sept - 2	Cash		1,000		1,000

## Equipment

Date	Particulars	Ref	Debit	Credit	Balance
2016 Sept - 3	Cash Notes Payable		25,000		25,000

Lodge  
Notes Payable

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept - 3	Equipment			15,000	15,000

Prepaid Insurance

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept - 4	Cash		1,200		1,200

Ledger  
Advertising Expense

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept-10	Accounts Payable		200		200

Accounts Payable

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept-10	Advertising Expense			200	200

Ledger  
withdrawal

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept - 20	Cash		700		700

Service Revenue

Date	Particulars	Ref	Debit	Credit	Balance
2016					
Sept - 30	Cash			6,200	6,200

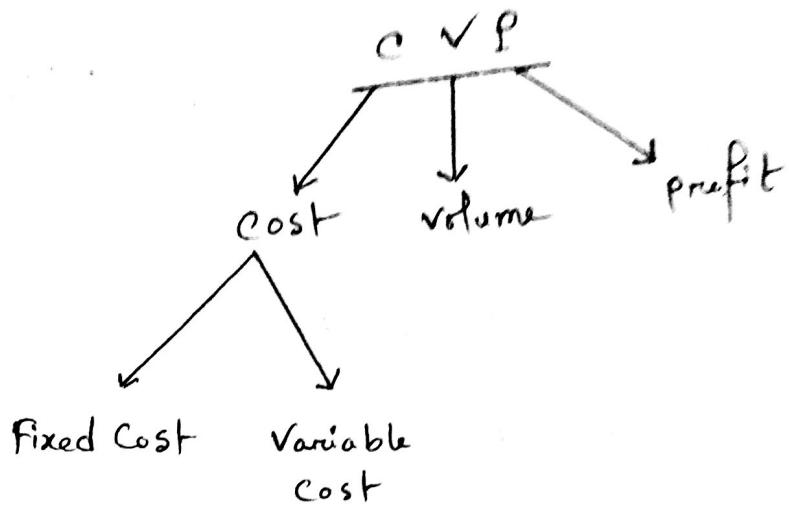
Bob Sample

Trial Balance

30 September 2016

SL. No	Particulars	Ref	Debit	Credit
1	Cash		13,300	
2	Bob's Capital			20,000
3	Rent Expense		1,000	
4	Equipment		25,000	
5	Notes Payable			15,000
6	Prepaid Insurance		1,200	
7	Advertising Expense		200	
8	Accounts Payable			200
9	Withdrawal		700	
10	Service Revenue			6,200
			<u>41,400</u>	<u>41,400</u>

03 August 2017



variation  
method

$$\text{Sales} = \text{Fixed cost} + \text{Variable cost} + \text{Profit}$$

$$\boxed{\text{Sales} = \text{total cost}}$$

→ Break even point

$$FC + VC$$

$$40 + (4 \times 10) = y = mx + b$$

\* sales price per unit = \$ 250

variable cost per unit = \$ 150

Total Fixed Cost = \$ 35000

Find Break even point.

$$\text{Sales} = \text{FC} + \text{VC} + \text{Profit}$$

$$250Q = 35000 + 150Q + 0$$

$$\Rightarrow 100Q = 35000 \\ = 350 \text{ unit}$$

$$\therefore \text{Break even point} = \frac{(\text{sales})}{(350 \times 250)} \\ = 87,500$$

equation method  
→ (2) part 2nd!

Contribution Margin Method :

$$\text{Break even point} = \frac{\text{Fixed Cost}}{\text{Unit Contribution Margin}} \\ = \frac{35000}{250 - 150} \\ = 350 \text{ unit}$$

Review Problems (solution)

\* sheet 2 (25) Math PPT (18) part solution

$$\text{Selling price} = \$25$$

$$\text{Purchase price} = \$14$$

$$\text{Fixed exhibition} = \$28,000$$

$$\text{Variable demonstration cost} = \$1$$

$$\text{Fixed Transport cost} = 10,600$$

$$\text{Administration Fixed Cost} = 6,400$$

$$\text{Target profit} = 50,000$$

$$\text{Breakeven point} = FC + VC + \text{profit}$$

$$25Q = (28000 + 10,600 + 6,400) + (14+1)Q$$

$$\Rightarrow 10Q = 45000$$

$$\therefore Q = 4500$$

$$\begin{aligned}\text{Total Sales} &= (4500 \times 25) \\ &= \$112,500\end{aligned}$$

## Requirements:

i) Total sales =  $(4500 \times 25)$   
= 112,500

ii) Target Sales  
(contribution margin)  
 $= \frac{\text{Fixed Cost} + \text{Target profit}}{\text{Unit Contribution Margin}}$   
 $= \frac{45000 + 50000}{25 - 15}$   
= 9500 Q

iii) Target sales = FC + VC + profit  
 $25Q = (28000 + 10,600 + 6,400) + (14+1)Q + 50000$   
 $\Rightarrow 10Q = 95000$   
 $Q = 9500$   
Total sales =  $(9500 \times 25)$   
= 237,500

- \* what is the Break even point?
- \* Review problem 2B vimp [exam w/ objective ans]
- \* Who are the users of Accounting and Information system?
- \* 3 activities of accounting
- \* Difference between FC & VC.
- \* Explain - " Accounting is an information system."
- \* What is "GAAP"?
- \* What is monetary Assumption Concern?
- \* Recording process [slide 14]

Contribution of Journal to the  
Recording Process.

$\boxed{3B}$   $(2 \text{ or } 2 \text{ ft} \rightarrow \text{Ans 4ft MFTS} \rightarrow (2 \times 2.5 = 5)$