Abc company

 General journal

 September 1st

Date title dr cr

Sep 1 cash $50000

Capital

 $ 50000

 ●owner invested Cash in business

Sep 10 building $76400

 Land $106000

 Cash $36500

 Note payable $145900

 ●purchased land and building

 On cash and sign a note payable

 For remaining amount.

Sep 15 computer system $ 5000

 Cash $5000

Sep19 office Furnishings $ 5760

 Cash $ 960

 Note payable $4800

 ● bought office furnishing paid

 Cash and sign a note payable for remaining.

Sep 26 Account receivable $140

 Office equipment $140.

 \*The monitor was returned

 And received the account

 Receivable.

Sep 28 Account payable $1600

 Cash $1600

Question 2

Pine Painting Contractors

 Income statement

Painting fees earned 163300

Operating expenses

Deprecation expense, painting 1200

Insurance expense 12000

Paint and supply expense 27500

Salaries expense 66800

Rent expense 9600

Advertising expense 3200

Total operating expense 120300

Net income 43000

Owners equity statement :

Edward pine beginning capital 27200

Add net income 43000

Subtotal 70200

Minus drawings 18000

Edward pine capital Dec 31st 52200

Answer no 3 :

Date title dr cr

Dec 31 Edward pine capital 18000

 Edward pine drawing 18000

 ● to close the drawing account

 To capital account.

Dec 31 painting fees earned 163300

 Income summary 163300

 ● to close fee earned to a

 Temporary account (income

 Summary) which will soon closed

 To capital account.

Dec 31 income Summary 120300

 Depreciation expense 1200

 Insurance expense 12000

 Paint and supply expense 27500

 Salaries expense 66,800

 Rent expense 9600

 Advertising expense 3200

 ● to close fee earned to a

 Temporary account (income

 Summary) which will soon closed

 To capital account.

Dec income Summary 43000

 Retained earnings 43000

Answer 4 :

The matching principle with respect to revenue and expenses :

The matching principle is an accounting principle which states that expenses should be recognized in the same reporting period as the related revenues.

if there is a cause-and-effect relationship between revenue and certain expenses, then record them at the same time. If there is no such relationship, then charge the cost to expense at once.

Examples :

👉🏻A salesman earns a 5% commission on sales shipped and recorded in January. The commission of 5 ,000 is paid in February. You should record the commission expense in January.

👉🏻an employee earns a 50,000 bonus based on measurable aspects of her performance within a year. The bonus is paid in the following year. You should record the bonus expense within the year when the employee earned it.

Realization principle with respect to revenue and expenses :

The realization principle is the concept that revenue can only be recognized once the underlying goods or services associated with the revenue have been delivered or rendered, respectively. Thus, revenue can only be recognized after it has been earned.

Examples :

👉🏻A customer pays 1,000 in advance for a custom-designed product. The seller does not realize the $1,000 of revenue until its work on the product is complete. Consequently, the $1,000 is initially recorded as a liability (in the unearned revenue account), which is then shifted to revenue only after the product has shipped.