Name: Umar Farooq

ID: 14792

Submitted to: Maryam Saleem

Assignment: principal of Acounting

Ans1:

Date	Title	Debit	Credit
Sept 1	Cash	50000	
	Capital		50000
	Mark Deposited 50000 Cash in his Acount		
Sept 10	Land	106000	
	Building	76400	
	Cash		36500
	Note payable		145900
Sept 15	Micro Computer system	4680	
	cash		4680
Sept 19	Office equipment	5760	
	Cash		960
	Note payable		4800
Sept 26	Acounter recievble	140	
	Office Equipment		140
Sept 28	Office Equipment	1600	
	Acount recieveble		`1600
	Purchase office equipment on acount recievble		

Ans2: Painting contractor

Income statement

For end year December 2005

Revenue

Painting Fees $163300

Total revenue	$163300	
Expense		
Insurance expense	$12000	
Reappreciation expense painting equipment		$1200
Paint of supplies expense	$ 27500	
Salary expense	$ 66800	
Rent expense	$ 9600	
Advertising expense	$3200	
Total	$120300	
Net income	$4300	

Painting contractor

Statement of owner equity

For the year ended December 31/2005

Capital at beginning	$ 27200
Increases	43000
Subtotal	$ 70200

Minus drawings 18000

Edward pine capital December 31st 52200

Ans3: Closing intries

Revenue Acc	$163300	
Income summary Acc		$163300
Income summary Acc	$120000	
Painting And supplies Expense		$27500
Salary expense		$66800
Rent Expense		$9600
Advertising expense		$3200
Depreciation Expense		$1200
Insurance expense		$12000
Income summary Acc	$43000	

Retain earning Acc		$43000
Accumulated Depreciation	$3000	
Painting equipment Acc		$3000

Ans4 : Realization Principle
The realization principle answers the question, "When is business revenue realized?" The principle states that revenue can be recorded when the learning process is complete and objective evidence exists regarding the amount of revenue earned. For example, revenue is earned when services are provided, or products are shipped to the customer and accepted by the customer. In the case of the realization principle, performance, and not promises, determines when revenue should be booked.

Realization Principle Example
A product is manufactured and sold on credit. According to the realization principle, the revenue is recognized at the time of the sale.

Matching Principle
The matching principle requires that expenses incurred to produce revenue must be deducted from revenue earned in an accounting period to derive net income. In this way, business expenses are matched with revenue. The matching principle also requires that estimates be made, based on experience and economic conditions, for the purpose of providing for doubtful accounts. This provision leads to a reduction of gross revenue to net realizable revenue to prevent the overstatement of revenues.

Matching Principle Example
A product is manufactured, sold on credit and the revenue is recognized at the time of the sale. To match the expenses of producing the product with the revenues generated by the product, the expenses and revenues are recognized simultaneously.