**14001**

**Sardar abdul nafay**

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| **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  ● office Furnishings and paid  Cash and sign a note payable  for remaining amount  Sep 26 Account receivable 140  Office equipment 140.  The monitor was returned  And received the account  Receivable.    Sep 28 Account payable 1600  Cash 1600 |

**Answer no 2:**

**Pine Painting Contractors**

**Income statement**

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| 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 |

**Pine painting contractors**

**Statement of owners equity**

**Dec 31st 2005**

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| Edward pine beginning capital 27200  Add net income 43000  Subtotal 70200  Minus drawings 18000  Edward pine capital Dec 31st 52200 |

**Answer no 3;**

**Dec 31st 2005**

**Closing entries**

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| 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 |

**Answer4**;

**Matching principle**: The matching principle is one of the Accounting principles that require, as its name, the matching between revenues and their related expenses.

The expenses that correlated with revenues should be recognized in the same period in the financial statements.

This concept tries to make sure that there no over or under revenue or expenses records in the financial statement If the revenue or expenses records inconsistently, then there will be over or under revenue or expenses.

The users who use that financial information as the reference for making the decision will become the victim because of that information.

Here is the example,

For example, when we sell the goods to our customers, the revenue then increases and decreasing the inventories. The reduction of the inventories in corresponding to revenues is called cost of goods sold.

Based on Matching principle, cost of goods sold  should record in the period in which the revenues are earned.

**The realization principle.**

The realization principle of accounting revolves around the determination of the point of time when revenues are earned. The concept followed is that revenue is realized when goods and services produced by a business enterprise are transferred to a customer either for cash or some other asset or for a promise to pay cash or other assets in the future.

This principle guides that the profit should be realized when the goods are transferred to the buyer. According to this concept, revenue should be recognized when goods are sold or services are rendered, Whether cash has received or not. Similarly, an expense should be recognized when goods are bought or services are received, whether cash has paid or not.

According to this concept, revenues are not recognized unless they are realized. The point at which the revenue is realized will vary depending upon circumstances. For example, revenue is realized when goods are delivered to customers and not when the contract is signed to deliver the goods.