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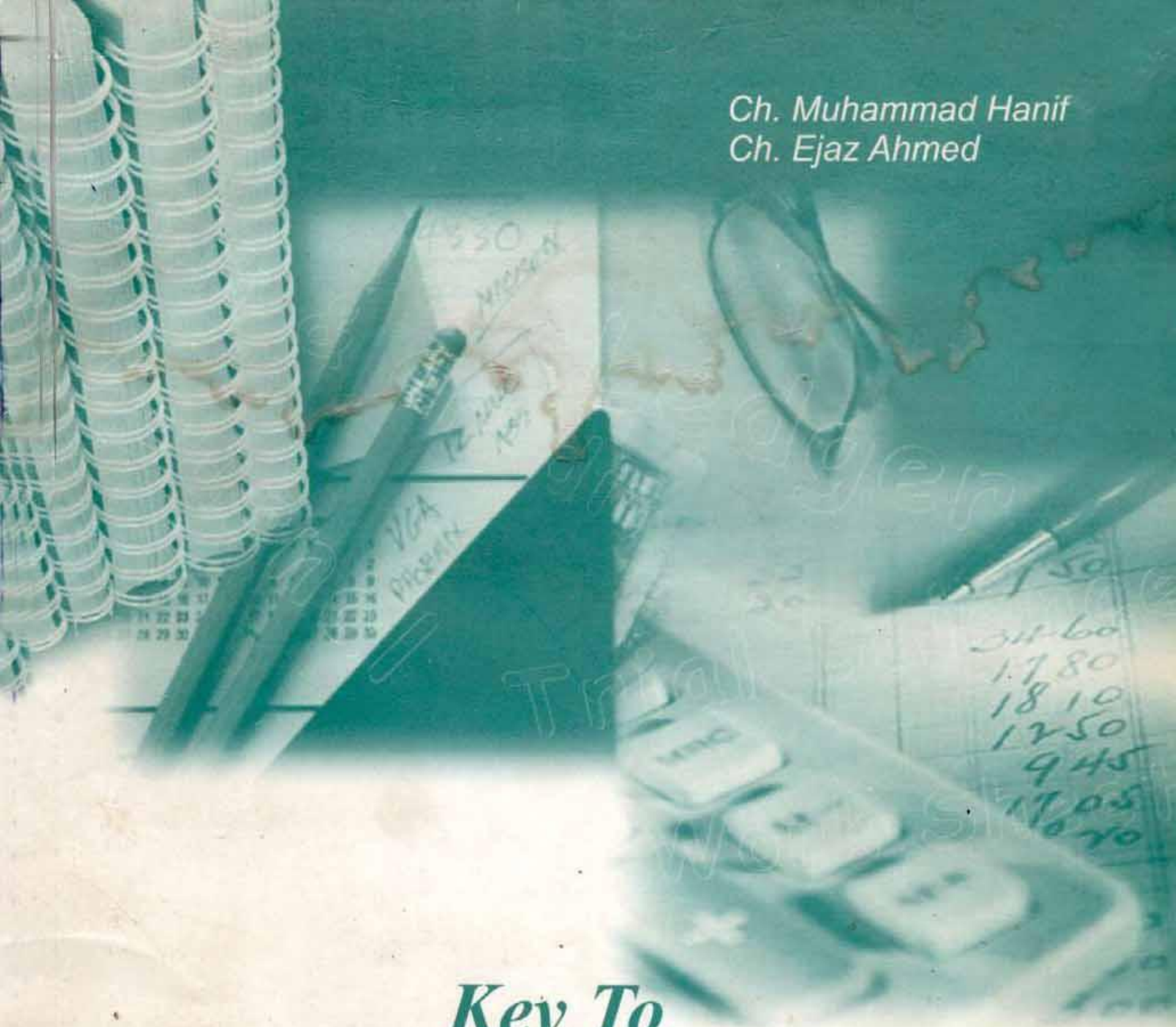

Key To Fundamental Principles of Accounting

I.Com. I

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KEY

TO

FUNDAMENTAL

PRINCIPLES OF

ACCOUNTING

For

I. Com. Part - I

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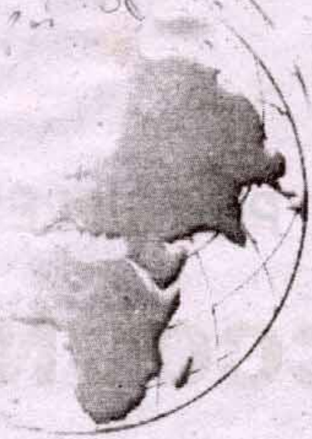

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2 BUSINESS TRANSACTIONS AND ACCOUNTING EQUATION

Problem No. 1

Solution:

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

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ii)	-10,000	+10,000				
Balance iii)	40,000 -1,000	10,000		= 200		+50,000 -1,200
Balance iv)	39,000 -10,000	+10,000	+12,000	= 200	+2,000	+48,800
Balance v)	29,000 +15,000	+10,000	+12,000 -10,000	= 200	+2,000	+48,800 +5,000
Balance vi)	44,000 -500	+10,000	+2,000	= 200	+2,000	+53,000 -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) (b)	+ 25000 - 10000	+ 10000				+ 25000
Balance (c)	+ 15000	+ 10000	+ 14000		+ 14000	+ 25000
Balance (d)	+ 15000 + 139000	+ 10000	+ 14000		+ 14000	+ 25000 + 139000
Balance (e)	+ 154000 - 1505	+ 10000	+ 14000		+ 14000	+ 164000 - 1505
Balance (f)	+ 152495 - 1200	+ 10000	+ 14000		+ 14000	+ 162495 - 1200
Balance	+ 151295	+ 10000	+ 14000		+ 14000	+ 161295
Total:	175295			=		175295

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Problem No. 4

Solution:

	Assets				Equities
Date	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
(a)	80000 - 6000	+ 6000				80000 ----
Balance (b)	74000 ----	+ 6000 ----	+ 20000		= 20000	+ 80000
Balance (c)	74000 ----	+ 6000 ----	+ 20000 - 8000	+ 10000 + 10000	= 20000 ----	+ 80000 + 2000
Balance (d)	74000 ----	+ 6000 ----	+ 12000 - 10000	+ 10000	= 0	+ 82000 + 100
Balance (e)	54100 + 13000	+ 6000 ----	+ 12000 - 10000	+ 10000	= 0	+ 82100 + 3000
Balance (f)	67100 + 9950	+ 6000 ----	+ 2000 ----	+ 10000 - 10000	= 0	+ 85100 - 50
Balance g(i)	77050 - 1500	+ 6000 ----	+ 2000 ----	+ 0	= 0	+ 85050 - 1500
Balance g(ii)	75550 - 2000	+ 6000 ----	+ 2000 ----	+ 0	= 0	+ 83550 - 2000
Balance	77050	+ 6000	+ 2000			85050
Total	85050				=	85050

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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
	+3300	+1900	+1700	+8150	+3050	+12000
a)	-400					
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

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