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NATURE OF ACCOUNTS AND RULES OF DEBIT AND CREDIT

Problem No. 1

Under British Approach

Sr. No.	Accounts affected	Nature of Accounts	Acc. to debited	Acc. to credited	Reasons for debit and credit
(o)	Cash Capital	Real Personal	Cash	Capital	Cash comes in and proprietor is the giver
(a)	Furniture Cash	Real Real	Furniture	Cash	Comes in goes out
(b)	Purchases Bata Shoe	Real Personal	Purchases	Bata-Shoes	Comes in Bata Shoes Co. is giver
(c)	Advertising Cash	Nominal Real	Advertising	Cash	Expenses are Debited Goes out
(d)	Drawing Cash	Personal Real	Drawing	Cash	Receiver goes out
(e)	Salary Cash	Nominal Real	Salary	Cash	Expenses are Debited goes out

Problem No. 2

Under British Approach

Sr. No.	Accounts affected	Nature of Accounts	Acc. to debited	Acc. to credited	Reasons for debit and credit
(a)	Cash Capital	Real Personal	Cash	Capital	Cash comes in and proprietor is the given
(b)	Building Kaleem	Real Personal	Building	Kaleem	Building comes in the business Kale-em is the giver
(c)	Office Cash	Real Real	Office Furniture	Cash	Office Furniture Comes in Cash goes out
(d)	Equipment Cash	Real Real	Office Equipment	Cash	Office equipment comes in cash goes out

(e)	Office Postage Cash	Real Real Real	Office Stationery	Cash	Office stationary, postages comes in cash goes out
(f)	Insurance Cash	Nominal Real	Insurance	Cash	Insurance is an expenses Cash goes out
(g)	Purchases Cash Accounts payable	Real Real Personal	Purchases Accounts Payable	Cash	Insurance is an expenses Cash goes out
(h)	Carriage Cash	Nominal Real	Carriage	Cash	Carriage is an expense Cash goes out
(i)	Advertising Cash	Nominal Real	Advertising	Cash	Advertising is an expense Cash goes out
(j)	Cash A/R Sales	Real Personal Real	Cash A/R	Sales	Cash comes in debit the receiver sales goes out

American Approach

No.	Accounts effected	Nature of Accounts	Acc. to debited	Acc. to credited	Reasons for debit or credit
(a)	Cash Capital	Asset Owner's equity	Cash	Capital	Because increase in asset is debited. While increase in owner equity is credited.
(b)	Building Acc/payable (Kareem)	Asset Liability	Building	A/P (Kareem)	Because increase in asset is debited. While increase in liability is credited.
(c)	Office Furniture Cash	Asset Asset	Office Equipment	Cash	Because increase in asset is credited. While decrease in asset is credited.
(d)	Office Equipment Cash	Asset Asset	Office Furniture	Cash	Because increase in asset is debited. While decrease in asset is credited.
(e)	Office Stationary Postage Cash	Asset Asset Asset	(i) Office Stationary (ii) Postage	Cash	Because increase in assets are debited. While decrease in asset is credited.

(f)	Insurance Cash	Expense Asset	Insurance Cash		Because increase in expense is debited. While decrease in asset is credited.
(g)	Purchases Cash Acc/payable	Asset Asset Liability	Purchases Cash	A/payable	Increases in assets are debited. While increase in liability is credited.
(h)	Carriage Cash	Expense Asset	Carriage Cash		Increase exp. Is debited. While decrease in asset is credited.
(i)	Advertising Cash	Expense Asset	Advertising Cash		Increase in exp. Is debited. While decrease in asset is credited.
(j)	A/R Sales	Asset Revenue	A/R Sales		Increases in assets are debited. While in increase in revenue is credited.

Problem No. 3

Sr. No.	Accounts effected	Nature of A/C	A/c to be debited	A/c to be credited
1	Cash Capital	Asset Owner's equity	Cash	Capital
2	Purchases A/P	Asset Revenue	Cash	A/P
3	Cash Sales	Asset Revenue	Cash	Sales
4	Cash A/R	Asset Asset	Cash	A/R
5	Printing Exp. Cash	Expenses Asset	Printing Exp.	Cash
6	Cash Furniture	Asset Asset	Cash	Furniture
7	A/P Cash	Liability Asset	A/P	Cash
8	Cash Commission	Asset Revenue	Cash	Commission