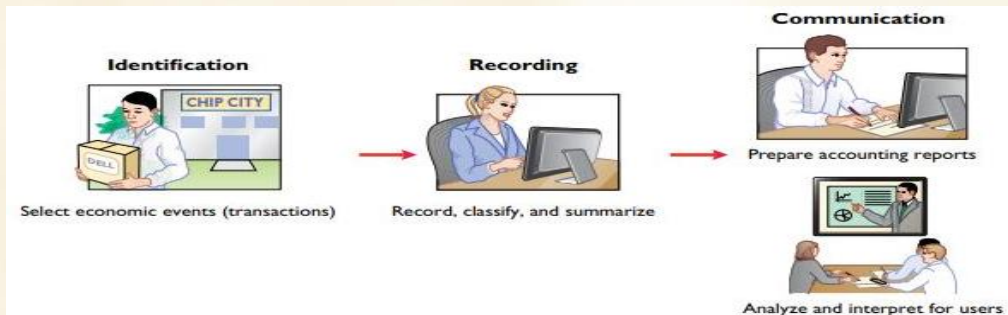


Ministry of Higher Education
& Scientific Research
Southern Technical University
Technical Institute/Basra
Department of Accounting
Techniques



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Introduction

مقدمة

Accounting

المحاسبة هي لغة المال والأعمال فهي توفر معلومات دقيقة عن الأداء المالي، وتساعد في اتخاذ قرارات مستنيرة، وتضمن الشفافية المالية، وتساهم في التخطيط المالي والرقابة على الموارد، واللغة الإنجليزية هي اللغة الأكثر استخدامًا في التواصل المالي والاقتصادي على مستوى العالم.

لذلك يتيح تعلم المحاسبة باللغة الإنجليزية فرصًا واسعة في سوق العمل، خاصة في الشركات متعددة الجنسيات والمؤسسات المالية العالمية، كما أنه ضروري للحصول على شهادة دبلوم تقنيات في مجال المحاسبة.



الخطة الدراسية Syllabus

| Subject name | Studying language | Studying year | Numbers of hours per year | | | Nu. of weeks |
|---------------------|-------------------|---------------|---------------------------|-----------|-----|--------------|
| | | | Theoretical | Practical | Sum | |
| Accounting Readings | English | First Course | | | | 15 |
| | | | 2 | 2 | 4 | |



اهداف المقرر Course Objectives

اهداف المقرر

الهدف العام : تعريف الطالب بالمصطلحات الانكليزية في مواضيع المحاسبة، بالشكل الذي يجعله قادرا على استيعاب المصطلحات المطروحة والتي يتعامل معها في المجالات المختلفة ذات العلاقة بالاختصاص في الجوانب الإدارية والمحاسبية.

الهدف الخاص: جعل الطالب متمكنا من قراءة المواضيع المتعلقة باختصاصه باللغة الانكليزية، بما يمنحه فرصة التواصل مع كل ما يستجد في حقل الاختصاص في الكتب والبحوث والمجلات وغيرها

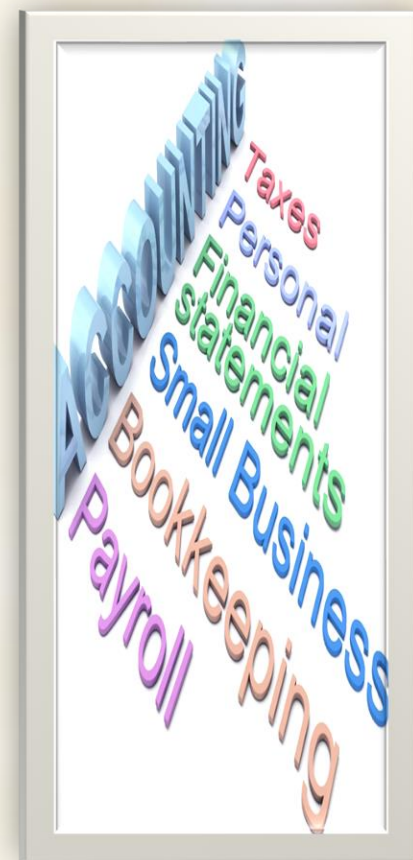
Theoretical topics

المفردات النظرية

| Description | الأسبوع |
|---|---------|
| Terms of Accounting. Accounting definition Objectives of Accounting | الأول |
| Accounting Concepts. Accounting principles Accounting assumptions | الثاني |
| Type of accounting, Users of Information Accounting ,Accounting cycle | الثالث |
| Accounting Equation. The element of the accounting equation | الرابع |
| Accounting Systems, Rules and Transactions, | الخامس |
| Accounting Books, Cash book, The recording process | السادس |
| Purchases and Purchases Return, Sales and Return. | السابع |



| | |
|--|------------|
| Accounting entries (examples) Discount | الثامن |
| Liabilities, Loans | التاسع |
| Capital and Revenues Expenditures, Terms of expenditures | العاشر |
| Terms of revenues , Trail Balance | الحادي عشر |
| Financial Statement , Income statement | الثاني عشر |
| Readings in trading account | الثالث عشر |
| Readings in profit and loss topics | الرابع عشر |
| The Balance Sheet | الخامس عشر |



Practical topics

العملية المفردات

| DESCRIPTION | الأسبوع |
|--|--------------------|
| Basic accounting terms usage | الأول |
| Writing principles and assumptions terms, Writing and usage of theoretical frame terms | الثاني |
| Selective readings in accounting theory | الثالث |
| (examples) in accounting Equation, | الرابع |
| Accounting entries (examples) | الخامس |
| Practice the recording process | السادس |
| (examples) Purchases and Purchases Return, Sales and Return. | والسابع والثامن |



| | |
|--|------------|
| Usage of financial statement accounts (examples) | التاسع |
| Usage of financial statement accounts (examples) | العاشر |
| Usage of revenue accounts (examples) | |
| Usage of asset accounts , Usage of Liabilities accounts | الحادي عشر |
| Usage of financial position statements | الثاني عشر |
| Usage of financial statement accounts (examples) | الثالث عشر |
| Accounting entries usage , Usage of profit and loss accounts | الرابع عشر |
| Usage of Balance Sheet | الخامس عشر |

الفئة المستهدفة
Target audience



*طلبة دبلوم تقنيات
محاسبة
*المرحلة الاولى

أسلوب التقييم
Assessment method



* مشاركات الطالب: ١٠ %
* الامتحان النصفى: ٤٠ %
* الامتحان النهائى: ٥٠ %

الأنشطة والتكليفات
Activities & Assignments



* مناقشات صفية
*دراسات حالة
*حل امثلة وتمارين تطبيقية
الاختبارات القصيرة والكوز
*الواجبات
*الامتحان النهائي

Terms of Accounting:

الأسبوع الأول
First week

Accounting: process of identifying, measuring, and reporting financial information of an entity.

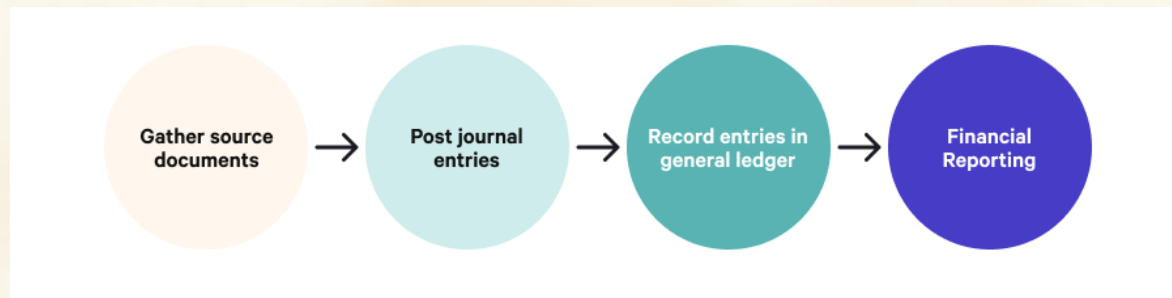
- **Account:** a record of money that has been paid and money that has been received.
- **Accountant:** person skilled in the recording and reporting of financial transactions.
- **Accounts Payable:** money owed to creditors, vendors, etc.
- **Accounts Receivable:** money owed to a business, i.e. credit sales
- **Asset:** property with a cash value that is owned by a business or individual
- **Balance Sheet:** summary of a company's financial status, including assets, liabilities and equity.
- **Bookkeeping:** recording financial information.
- **Credit:** an account entry with a negative value for assets, and positive value for liabilities and equity.

- **Debit:** an account entry with a positive value for assets, and negative value for liabilities and equity.
- **Equity:** money owed to the owner or owners of a company, also known as "owner's equity".
- **Financial Statement:** a record containing the balance sheet and the income statement.
- **Income:** inflow of revenue during a period of time.
- **Inventory:** merchandise purchased for resale at a profit
- **Journal:** a record where transactions are recorded, also known as an "account"
- **Ledger:** any book of accounts containing the summaries of debit and credit entries.
- **Posting:** the process of entering then permanently saving or "archiving" accounting data.
- **Revenue:** total income before expenses.

Accounting Definition

in 1941 the American Institute of Certified Public Accountants (AICPA) had defined accounting as the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof. 'with greater economic development resulting in changing role of accounting, its scope, became broader.

in 1966, the American Accounting Association (AAA) defined accounting as 'the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information .



Objectives of Accounting:

1. Recording business transactions systematically– it is necessary to maintain systematic records of every business transaction,
2. Determining profit earned or loss incurred– in order to determine the net result at the end of an accounting period, we need to calculate profit or loss. for this purpose, trading and profit and loss account are prepared.
4. Ascertaining financial position of the firm– proprietor also interested in knowing the financial position of his/her firm, i.e. the value of the assets, amount of liabilities owed, net increase or decrease in his/her capital. This purpose is served by preparing the balance sheet



5. Assessing the progress of the business— accounting helps in assessing the progress of business from year to year, as accounting facilitates the comparison both inter-firm as well as intra-firm.
6. Detecting and preventing frauds and errors, it is necessary to detect and prevent fraud and errors, mismanagement and wastage of the finance. Systematic recording helps in the easy detection and rectification of frauds, errors and inefficiencies, if any.
7. Communicating accounting information to various users— the important step in the accounting process is to communicate financial and accounting information to various users including both internal and external.

Vocabulary

| Word | meaning |
|--|--|
| Account Balan | رصيد الحساب |
| Accountant | المحاسب |
| Amount | مبلغ |
| Assets | الأصول |
| Accounting Information | المعلومات المحاسبية |
| Accounting Objectives | الأهداف المحاسبية |
| Accounting Period (Periodicity) | الفترة المحاسبية - الفترة المالية |
| Cash | النقد - النقدية |
| Accounting Principles | المبادئ المحاسبية |
| Accounting | محاسبة |
| Accounts Payable / Creditors | حسابات الدائنين |
| Accounts Receivable / Debtors | حسابات العملاء - المدينون |
| American Accounting Association | جمعية المحاسبة الأمريكية |
| American Institute of Certified Public Accountants (AICPA) | المجمع الأمريكي للمحاسبين القانونيين |
| Balance Sheet | الميزانية العمومية - قائمة المركز المالي |

طريقة التدريس Method of teaching

| نقاش واختتام (٢٥ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | عرض المحتوى (٩٠ دقيقة) | تمهيد (٢٠ دقائق) | الوقت الكلي (١٨٠ دقيقة) |
|--|--|---|--|-------------------------|
| <ul style="list-style-type: none"> - مشاركة الأفكار من كل مجموعة - تلخيص المفاهيم الأساسية - اختبار قصير أو استبيان تفاعلي - عمل اختبار شفهي بالمفردات | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم والمصطلحات باللغة الإنكليزية. - محاولة تمكين الطلبة من نطق المفردات والتحدث مع بعض باللغة الانكليزية | <ul style="list-style-type: none"> - تعريف المحاسبة باللغة الإنكليزية من المصادر التقليدية إلى الحديثة باستخدام شرائح عرض - شرح المصطلحات المحاسبية (Terms of accounting) - تعريف المحاسبة ومصادر تعريفها - مناقشة أهمية المحاسبة باللغة الإنكليزية. - مناقشة الطلبة والاستفسارات. - استخدام رسومات أو مخططات توضيحية | <ul style="list-style-type: none"> - مقدمة عن موضوع المحاسبة بصورة عامة ثم موضوع القراءات المحاسبية. - عرض أهمية المحاسبة بالنسبة للشركات والمشاريع الصغيرة والكبيرة المحلية والعالمية. - بيان اهداف المحاسبة باللغة الإنكليزية | |

Counting Concepts refer to the nature of economic environment in which accounting operates. The most significant of these concepts (assumptions) are:

1. Business entity concept

Business entities are separate economic units that control resources, obligations, and that have separate and distinct records.

For accounting purposes, every business is conceived to be and treated as a separate entity, separate and distinct from, its owner and from every other business.

2. Money measurement concept:

The monetary unit of a country means that the money is used to measure the asset, liabilities, and owner's equity and to measure the changes that occur in them as a result of these changes, the net income of accounting entity is measured and determined for a specific period of time.

3. Going concern concept:

There is an assumption that a particular business enterprise will continue in existence for a long enough period to carry out its objectives and commitments (the life is indefinite).

3. Accounting period concept:

The Periodicity concept assume that the business enterprise has an indefinite life the measurement of the enterprise's financial condition and operations must be made a relatively short intervals such as quarterly or yearly.

4. Duality aspect concept:

Double aspect that means all transactions are recorded as having the debit aspect and the credit aspect.

Accounting principles

Accounting principles are broad rules adopted by the accounting profession as guides for use in recording and reporting the financial affairs and activities of a business to its owners, investors, creditors, and other outsiders.

1. Historical cost principle

The assets recorded at their acquisition cost and are usually not adjusted for increases in value until a sale has occurred. The accounting rule requires assets and services plus any resulting liability to be taken into the accounting record at cost.

2-Matching principle:

The expenses must be offset against the revenues earned in the period. Thus, expenses of the period are matched against the revenues of the same period, and the result is net income or loss for the period.

3-Revenue Recognition principle

Revenue is recognized for accounting purposes when it is realized. For the vast majority of enterprises revenue is realized when the sale occurs.

4- Full disclosure principle:

All information that can be useful to informed decision makers must be disclosed. All material information should be disclosed in the financial statements to make these statements clear and understandable to the readers of these statements.

5- Objectivity principle:

The accounting rule requiring that wherever possible the amounts used in recording transactions based on objective evidence.

(for example: sales invoice) rather than subjective judgments

Vocabulary

| Word | meaning |
|---------------------------|------------------------------------|
| Economic Entities | المنشآت (الوحدات) الاقتصادية |
| Equity | حق الملكية (صافي الأصول) للمساهمين |
| Expenses | المصروفات |
| Financial Accounting | المحاسبة المالية |
| Financial Statements | القوائم المالية |
| Fiscal Year | السنة المالية |
| Fixed Assets | الأصول الثابتة |
| Full Disclosure Principle | مبدأ الإفصاح التام |
| Income Statement | قائمة الدخل |
| Income | دخل |
| Accounting Objectives | الأهداف المحاسبية |
| Accounting Principles | المبادئ المحاسبية |
| Business Transaction | عملية تجارية |
| Capital Gains | مكاسب رأسمالية - أرباح رأسمالية |
| Capital | رأس المال |
| Carrying Value | القيمة الدفترية |

طريقة التدريس Method of teaching

| نقاش واختتام (٢٥ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | عرض المحتوى (٩٠ دقيقة) | تمهيد (٢٠ دقائق) | الوقت الكلي (١٨٠ دقيقة) |
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Type of accounting

1. Financial accounting.

Financial accountants help businesses track, record and categorize financial transactions.

2. Tax accounting:

Tax accounting is the most popular type of accounting. Tax accountants help individuals, businesses and non-profit organizations comply with the Internal Revenue Code. They also help their clients develop tax strategies to reduce their taxes as much as legally possible.

3. Management accounting.

Managerial accountants, collect financial data, analyse it, compile it into reports and then present it to the company's management. Unlike the previously mentioned financial statements, these reports are intended for internal use only and are not governed by external regulations.

4. Cost accounting.

Cost accounting is a type of management accounting focusing on the cost structure of a business, its three main key elements of cost accounting are (Direct and Indirect

Materials, Direct Labor, Overhead)

5. Forensic accounting:

Forensic accounting is the investigation of fraud or financial manipulation by performing extremely detailed research and analysis of financial information. Forensic accountants are often hired to prepare for litigation related to insurance claims, insolvency, divorces, embezzlement, fraud, skimming, and any type of financial theft.

6. Governmental accounting:

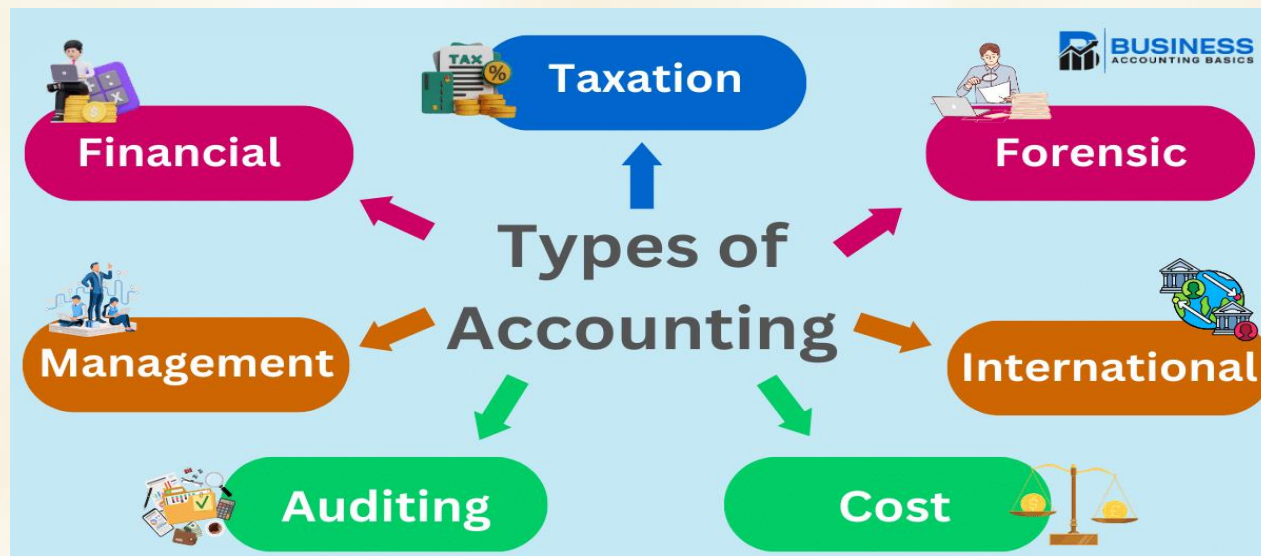
Government accountants are responsible for budgeting, managing and tracking the government's finances. They need to follow the standards set by the Governmental Accounting Standards Board (GASB).

7. International accounting:

International accountants help companies navigate regional, national and local laws and regulations. They must adhere to the International Financial Reporting Standards (IFRS), developed by the International Accounting Standards Board (IASB).

8. Auditing:

Auditing typically refers to financial statement audits or an objective examination and evaluation of a company's financial statements – usually performed by an external third party.



Users of Information Accounting:

The accounting processes provides financial data for a broad range of individuals whose objectives in studying the data vary widely, There is also, there Three primary users of accounting information, Internal users, External users, and Government/ IRS. Each group uses accounting information differently, and requires the information to be presented differently.

1- Internal Users:

Accounting supplies managers and owners with significant financial data that is useful for decision making. This type of accounting in generally referred to as managerial accounting.



2- External Users:

Typically called financial accounting, the record of a business' financial history for use by external entities is used for many purposes. The external users of accounting information fall into six groups; each has different interests in the company and wants: answers to unique questions such as:

1. Owners and prospective owners .
2. Creditors and lenders .
3. Employees and their unions .
4. Customers.
5. Governmental units.
6. General public.

| Internal Users (primary users) | External Users (secondary users) |
|-----------------------------------|-------------------------------------|
| Internal Management | Investors |
| Proprietors/Partners | Lenders |
| Employees | Legal Bodies |
| | Customers |
| AccountingCapital.com | Suppliers |
| | General Public |
| | Government |
| | Researchers |
| | |

3- Government/ IRS:

Government agencies that track and use taxes are interested in the financial story of a business. They want to know whether the business is paying taxes according to current tax laws. The language in which tax-related financial statements are prepared is called IRC or Internal Revenue Code

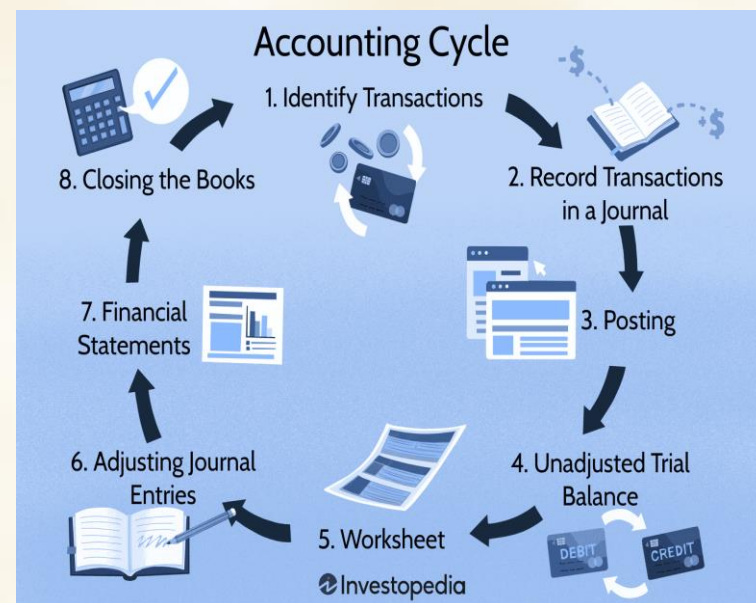
Accounting cycle

1. Identifying Transactions:

Financial transactions start the process. Transactions can include the sale or return of a product, the purchase of supplies for business activities, or any other financial activity that involves the exchange of the company's assets, the establishment or payoff of a debt, or the deposit from or payout of money to the company's owners.

2. Journal entries:

The transaction is listed in the appropriate journal, maintaining the journal's chronological order of transactions. The journal is also known as the "book of original entry" and is the first place a transaction is listed.



3. Posting

The transactions are posted to the account that it impacts. These accounts are part of the General Ledger, where you can find a summary of all the business's accounts.

4. Trial balance

At the end of the accounting period (which may be a month, quarter, or year depending on a business's practices), you calculate a trial balance.

5. Adjusting journal entries

You post any corrections needed to the affected accounts once your trial balance shows the accounts will be balanced once the adjustments needed are made to the accounts. You prepare the balance sheet and income statement using the corrected account balances.

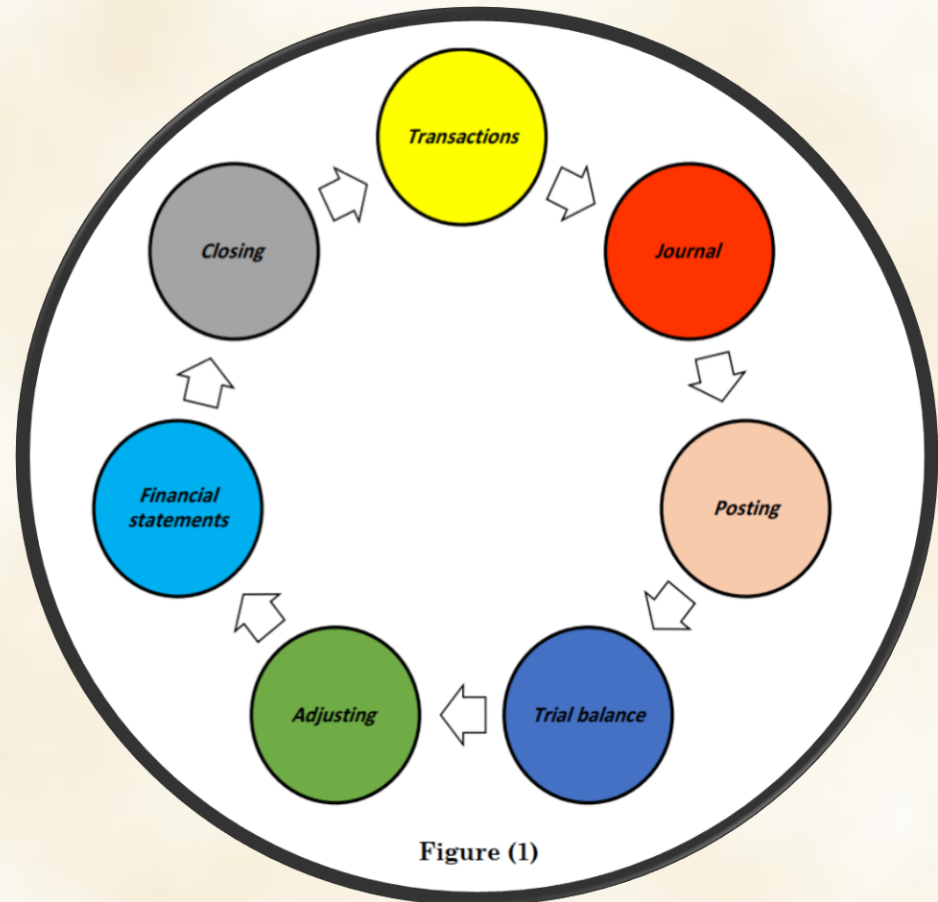
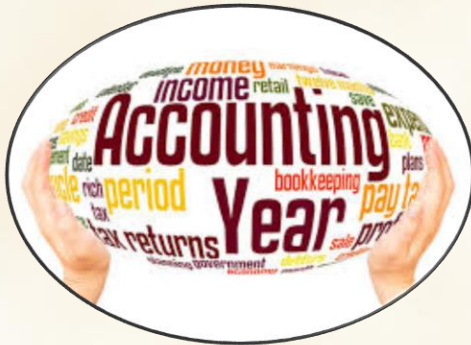
6. Financial statements

You prepare the balance sheet and income statement using the corrected account balances.

7. Closing the books

You close the books for the revenue and expense accounts and begin the entire cycle again with zero balances in those accounts.

Accounting cycle



Vocabulary

| Word | meaning |
|-------------------------------|------------------------------|
| Financial accounting | المحاسبة المالية |
| Tax accounting | المحاسبة الضريبية |
| Management accounting | المحاسبة الإدارية |
| Cost accounting | محاسبة التكاليف |
| Forensic accounting: | المحاسبة القضائية |
| Governmental accounting | المحاسبة الحكومية |
| International accounting | المحاسبة الدولية |
| Auditing | التدقيق |
| Internal Users | المستخدمون الداخليون |
| Owners and prospective owners | المالكون والمالكون المحتملون |
| Creditors and lenders | الدائنون والمقرضون |
| Employees and their unions | الموظفون ونقاباتهم |
| Customers | العملاء |
| Governmental units | الوحدات الحكومية |
| General public | الجمهور العام |
| Government / IRS | الحكومة / مصلحة الضرائب |
| Identifying Transactions | تحديد المعاملات |
| Journal entries | قيود اليومية |

طريقة التدريس
Method of teaching

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Accounting Equation. The element of the accounting equation

الأسبوع الرابع
Fourth week

Transaction Analysis is the process studying a transaction to determine its economic effect on the business in terms of the accounting equation. Apply transaction analysis to analyse simple business transactions in terms of the accounting model.

$$\text{Assets} - \text{Liabilities} = \text{Owner's Equity (capital)}$$

Expenses decrease and revenue increase Owner's equity. Thus profit increase capital and loss decrease capital. The Owner's equity can be represented in the following equation:-

$$\text{Owner's Equity} = \text{Total liabilities} - \text{Creditors}$$

Key Components of the Accounting Equation



Owner's Equity can also be expressed as proprietor's funds.

Proprietor's funds

= (Fixed assets+ Stock+ Liquid Assets) – (Current Liabilities) .

Or

Owner's Equity= Capital + Retained earnings +Reserves and Surplus.

The same can be expressed in terms of an equation:-

Summary statement of the rules of **debit** and **credit**:

| Assets Accounts | liabilities and owner's Equity Accounts |
|--|--|
| <ul style="list-style-type: none">- Increases are recorded by debit sides.- Decreases are recorded by credit sides. | <ul style="list-style-type: none">- Increases are recorded by credit sides.- Decreases are recorded by debit sides. |

Exercise (1)

AL- Quds Company decided to purchase a building for ID100000000 (building is an asset since it is a use of fund) through a source of fund:

1. Paid the price cash or by check draw on the current account in the bank.
2. Borrowed from a bank.
3. Promised to pay in the future, i.e. on credit which means there is a new liability.
4. Signed a promissory note to pay the amount in the future.

The following shows the effect on balance sheet equation:

$$\text{Assets} = \text{liabilities} + \text{owner's equity}$$

- (1)+ Building - cash = No effect
- (2)+ Building = + loan from bank
- (3)+ Building = + accounts payable
- (4)+ Building = + Notes payable

We debit building account since assets are increased by the value of the building and:

1. Cash (A/c) is credited since cash (asset account) is decreased.
2. Loan (A/c) is credited since loan (liability account) is increased. As a source of financing
3. Accounts payable is credited since it is increased as a liability account.
4. Notes payable for same reason showed in (3) above.

Here the journal entries for the four cases of financing the process of purchase a building:

| | | | | |
|----|----------|--------------------------------------|--------|--------|
| 1: | Dr Cr | Building A/c Cash A/c | 100000 | 100000 |
| 2: | Dr Cr | Building A/c Bank's loan A/c | 100000 | 100000 |
| 3: | Dr Cr | Building A/c Accounts Payable A/c | 100000 | 100000 |
| 4: | Dr Cr | Building A/c Notes payable A/c | 100000 | 100000 |

The background of the slide features a close-up of a beige calculator with various function keys like 'TAX+', 'TAX-', 'FEED', 'PRINT', and '00-0'. To the left of the calculator is a roll of US dollar bills secured with a yellow rubber band. A check is partially visible on the right side of the calculator, showing a signature and the amount '98/100 DOLLARS'.
$$C = A - L$$

Where:-

C = capital, A = Assets, L = Liabilities

$$A = C + L$$

$$C + L = A$$

The above equations can further be explained as follows:-

$$\text{Capital} + \text{Liabilities} + \text{Revenue} = \text{Assets} + \text{Expenses}$$



Vocabulary

| Word | meaning |
|-----------------------------|----------------------|
| Accounting Cycle | الدورة المحاسبية |
| Accounting Equation | المعادلة المحاسبية |
| Book Value | القيمة الدفترية |
| Trial balance | ميزان المراجعة |
| Adjusting journal entries | قيود اليومية المعدلة |
| Financial statements | القوائم المالية |
| Closing the books Posting | إقفال الدفاتر |
| posting | الترحيل |
| Trial Balance | ميزان المراجعة |
| Purchases | مشتريات |
| Revenues | عوائد |
| Selling Price | سعر البيع |
| Shareholders (Stockholders) | المساهمون |
| Tax - Taxation | ضريبة |
| Capital | رأس المال |
| Working Capital | رأس المال العامل |
| Worksheet | ورقة عمل |
| Liabilities | الالتزامات |

طريقة التدريس
Method of teaching

| نقاش واختتام (٢٥ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | عرض المحتوى (٩٠ دقيقة) | تمهيد (٢٠ دقائق) | الوقت الكلي (١٨٠ دقيقة) |
|---|--|---|---|-------------------------|
| <ul style="list-style-type: none"> - مشاركة الأفكار من كل مجموعة - تلخيص المفاهيم الأساسية - اختبار قصير أو استبيان تفاعلي | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم والمصطلحات باللغة الإنكليزية. - حل تمرين عملي. | <ul style="list-style-type: none"> - شرح Accounting Equation. - وشرح القوانين وكيفية تطبيقها - شرح The element of the accounting equation - حلول تمرين رياضي مع الشرح | <ul style="list-style-type: none"> - تمهيد عن المعادلة المحاسبية Accounting Equation. - مقدمة حول The element of the accounting equation - التكلم حول انواع الحسابات | |

1-Assets

- (1)All assets' accounts normally have debit balances.
- (2)An increase in an asset is recorded on the left (debit) side of the account.
- (3)A decrease in an asset is recorded on the right (credit) side of the account.

| Any Asset Account | |
|-------------------|----------|
| Dr | Cr. |
| Increase | Decrease |

2. All liabilities and Owner's Equity

- (1) All liability and owners' equity accounts have credit balance.
- (2) An increase in a liability or an owner's equity is recorded on the right (credit) side of the account.
- (3) A decrease in a liability or an owner's equity is recorded on left (debit) side of the account.

| Any liability account or owner's equity account | |
|--|----------|
| Dr. | Cr. |
| Decrease | Increase |

Summary statement of the rules of **debit** and **credit**:

| Assets Accounts | liabilities and owner's Equity Accounts |
|--|--|
| - Increases are recorded by debit sides. | - Increases are recorded by credit sides. |
| -Decreases are recorded by credit sides. | - Decreases are recorded by debit sides. |

The following table summarizes the debit and credit rules on the affected accounts:

| Category | Increase | Decrease |
|------------------------------|-----------------|-----------------|
| Assets | Debit | Credit |
| Liabilities | Credit | Debit |
| Capital | Credit | Debit |
| Expenses & Losses | Debit | Credit |
| Revenues & gains | Credit | Debit |

Exercise (1)

AL- Quds Company decided to purchase a building for ID100000000 (building is an asset since it is a use of fund) through a source of fund:

1. Paid the price cash or by check draw on the current account in the bank.
2. Borrowed from a bank.
3. Promised to pay in the future, i.e. on credit which means there is a new liability.
4. Signed a promissory note to pay the amount in the future.

The following shows the effect on balance sheet equation:

Assets = liabilities + owner's equity

(1)+ Building - cash = No effect

(2)+ Building = + loan from bank

(3)+ Building = + accounts payable

(4)+ Building = + Notes payable

We debit building account since assets are increased by the value of the building and:

1.Cash (A/c) is credited since cash (asset account) is decreased.

Loan (A/c) is credited since loan (liability account) is increased. As a source of financing

2. Loan (A/c) is credited since loan (liability account) is increased. As a source of financing.

3. Accounts payable is credited since it is increased as a liability account.

4. Here the journal entries for the four cases Notes payable for same reason showed in (3) above.

of financing the process of purchase a building

| | | | | |
|----|------------------|--|---------------|---------------|
| 1: | Dr Cr | Building A/c Cash A/c | 100000 | 100000 |
| 2: | Dr Cr | Building A/c Bank's loan A/c | 100000 | 100000 |
| 3: | Dr Cr | Building A/c Accounts Payable A/c | 100000 | 100000 |
| 4: | Dr Cr | Building A/c Notes payable A/c | 100000 | 100000 |

GOLDEN RULES OF ACCOUNTING

| Accounts | Rules |
|----------|-----------------------|
| Personal | Receiver = Debit |
| | Giver = Credit |
| Real | Incoming = Debit |
| | Outgoing = Credit |
| Nominal | Expenses/Loss = Debit |
| | Incomes/Gain = Credit |



www

ACCOUNTING GLOSSARY



ExcelDataPro

طريقة التدريس
Method of teaching

| نقاش واختتام (٢٥ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | عرض المحتوى (٩٠ دقيقة) | تمهيد (٢٠ دقائق) | الوقت الكلي (١٨٠ دقيقة) |
|--|--|--|--|---------------------------|
| <ul style="list-style-type: none"> - تمارين رياضية حول المعادلة المحاسبية. - التلخيص المفاهيم الأساسية - اختبار قصير واسالة تفاعلية | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم والمصطلحات باللغة الإنكليزية. - حل تمرينات عملي. | <ul style="list-style-type: none"> - شرح الموجودات ومكوناتها Assets - شرح حقوق الملكية ومكوناتها - All liabilities and Owner's Equity | <ul style="list-style-type: none"> - تمهيد عن الموجودات والمطلوبات وحقوق الملكية - مقدمة حول المعادلة المحاسبية. | |

SUBSIDIARY BOOKS

The firm maintains subsidiary books and journals, wherein the business transactions are first recorded. Then the transactions are posted into the ledger and final accounts are prepared; the journal is split into a number of subsidiary books for recording a particular type of transactions by each department of a business.

Advantages of subsidiary books:

- (1) Make the work done easily and quickly.
- (2) Increase the efficiency of accounting work.
- (3) Save labour and time.

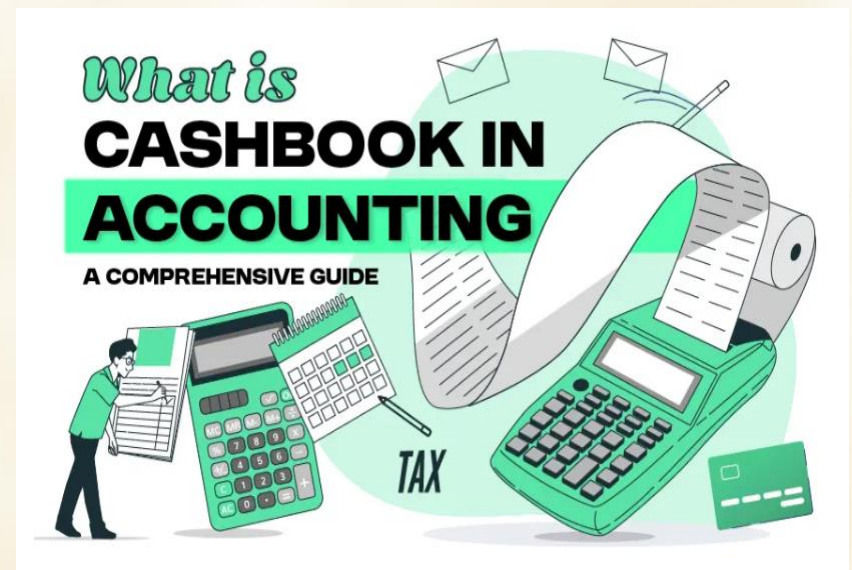
separate books are maintained for cash transactions and credit transactions:

1. **Cash transactions:**

- a. Cash book for receipts and payments,
- b. Petty cash book.

2. **Credit transactions:**

- a. credit sales book.
- b. credit purchases book.
- c. purchases returns book.
- d. sales returns book.
- e. Notes (bills) receivable book.
- f. Notes payable book.



1-Cash Book for receipts and payments

The cash book records all the above transactions for a particular period and the balance shown by the cash Book should be equal to the actual cash on hand.

The two sides of a cash-book are receipts side and payments side and the difference should be equal to the remaining cash in the cash box. There is no need for a separate cash account in the ledger, because the cash book itself is like a cash account in the ledger

FORMAT OF A CASH BOOK

| Date | Receipts | R.No. (*) | L.F. (**) | Amount IDs | Date | Payments | V.No. (***) | L.F. | Amount IDs |
|------|----------|--------------|--------------|---------------|------|----------|----------------|------|---------------|
| | | | | | | | | | |

The symbols appear in the above format are:- (*) R.No. means Receipt Number
(**) L.F. means Ledger Folio
(***) V.No. means Voucher Number

Exercise (1)

The following transactions are occurred during the month of December

| | |
|--|---------|
| December 1. Balance of cash on hand | 400000 |
| 4.Introduced cash as further capital | 1000000 |
| 5.Sold goods for cash | 300000 |
| 6.Collected from kassim | 800000 |
| 10.Purchased goods for cash | 200000 |
| 11.Paid to Rasheed | 250000 |
| 12..Paid commission to an agent | 50000 |
| 15.Purchased office furniture for cash | 200000 |
| 16.Rent paid | 10000 |
| 17.Taken cash for personal use | 100000 |
| 18.Cash sales | 500000 |
| 20.Received amount from Yasser | 400000 |
| 23.Dividend received in cash | 10000 |
| 28.Paid salaries | 200000 |
| 30.Deposited Cash into bank | 200000 |

Required:

Enter the above transactions in a cash book with receipts and payments and balance the cash book on 31st Dec. 2025.

CASH BOOK

| Date | Receipts | R. No | L.F | Amount IDs | Date | Payments | L.No | L.F | Amount IDs |
|---------------|-----------------|-------|-----|---------------|--------|-----------------|------|-----|---------------|
| Dec. 1 | To balance b/d | | | 400000 | Dec.10 | By Purchases | | | 2000000 |
| 4 | To Capital | | | 10000000 | 11 | By Rasheed | | | 2500000 |
| 5 | To Sales To | | | 3000000 | 12 | By commission | | | 500000 |
| 6 | kassim To Sales | | | 8000000 | 15 | By Furniture By | | | 2000000 |
| 18 | To Yasser | | | 5000000 | 16 | Rent | | | 100000 |
| 20 | To Dividends | | | 4000000 | 17 | By Drawings By | | | 1000000 |
| 23 | | | | 100000 | 28 | Salaries By | | | 2000000 |
| | | | | | 30 | Bank | | | 2000000 |
| | | | | | 31 | By Balance c/d | | | 18400000 |
| | | | | 30500000 | | | | | 30500000 |
| 2010 Jan.1 | To Balance b/d | | | 18400000 | | | | | |

طريقة التدريس
Method of teaching

| نقاش واختتام (٢٥ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | عرض المحتوى (٩٠ دقيقة) | تمهيد (٢٠ دقائق) | الوقت الكلي (١٨٠ دقيقة) |
|---|--|--|---|-------------------------|
| <ul style="list-style-type: none"> - تمرين رياضي. - التلخيص الموضوع - اختبار قصير واسالة تفاعلية | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم السجلات والدفاتر المحاسبية. - القيود اليومية - حل تمرينات عملي. | <ul style="list-style-type: none"> - شرح المحاسبة كنظام - توضيح السجلات والدفاتر المحاسبية - القيود وسجلات اليومية - السجلات الفرعية وسجل الاستاذ. | <ul style="list-style-type: none"> - تمهيد حول المحاسبة كنظام - تمهيد هن السجلات والدفاتر المحاسبية - التكلم عن القيود وسجل اليومية - السجلات الفرعية وسجل الاستاذ. | |

Purchases and Purchases Return

When merchandise purchased from supplier is found to be unsatisfactory, the buyer may return the goods or accepts an allowance on the price. Purchases returns and allowances are recorded by crediting the purchase Returns and Allowances account, as illustrated below:



Creditors / Cash A/c's Dr xxx

To Purchase Returns and Allowances A/c xxx

$$\text{Net Purchases} = \text{Purchases} - (\text{Returns} + \text{Allowances})$$

Sales and Sales Return

Most merchandising companies allow a customer to return goods that are found to be unsatisfactory or defective.

A sales return is merchandise returned by a buyer.

The Journal entry to record Sales Returns and account as follows:

Sales Returns A/c Dr xxx

To Debtors/Cash A/c xxx



طريقة التدريس
Method of teaching

| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) |
|---|---|--|---|
| <ul style="list-style-type: none"> - تمهيد حول المشتريات وكذلك مردودات المشتريات - تمهيد حول المبيعات ومردودات المبيعات | <ul style="list-style-type: none"> - شرح Purchases and Purchases Return المشتريات مردودات المشتريات - شرح Sales and Sales Return المبيعات ومردودات المبيعات | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم السجلات والدفاتر المحاسبية. - القيود اليومية - حل تمرينات عملي - مردودات المبيعات ومردودات المشتريات | <ul style="list-style-type: none"> - تمرين رياضي. - التلخيص الموضوع - اختبار قصير واسالة تفاعلية |

الوقت الكلي (١٨٠ دقيقة)

Accounting entries Discount

Trade Discount:

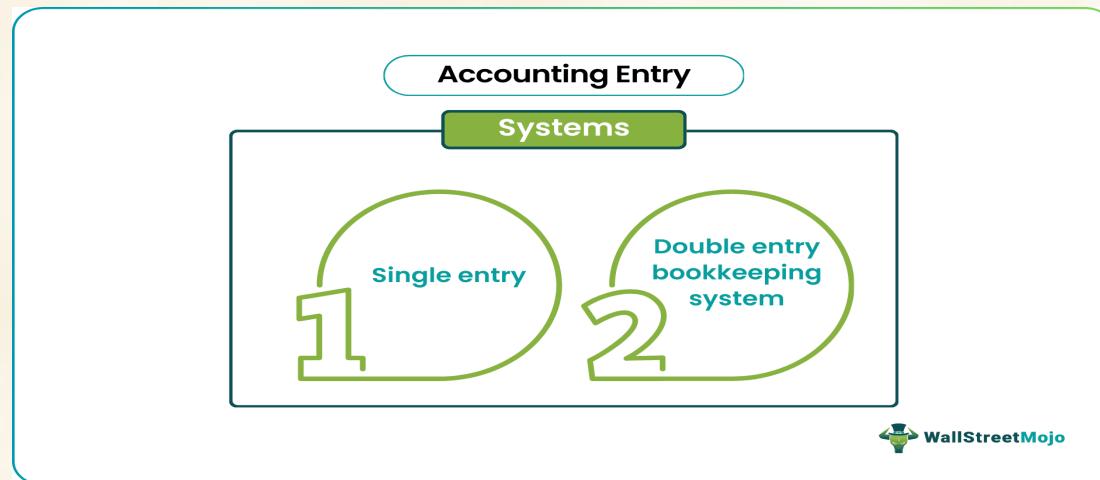
Deduction in price given by the wholesaler/manufacturer to the retailer at the list price or catalogue price.

♦Cash Discount:

Reduction in price give the creditor to the debtor is known as cash discount. This discount is intended to speed payment and thereby provide liquidity to the firm.

♦Quantity Discounts:

Sellers use the quantity discount to encourage buyers to buy more.



◆Purchase Returns and Allowances:

Represent a reduction in the cost of goods purchased for resale. It is a contra account to Purchases and its normal balance is a credit.

◆Sales Returns:

Are items purchased by customers, and then returned because they don't meet the specifications ordered by the customer

◆ Sales Allowances

Are reductions in price given to the customer because the merchandise does not meet the specifications ordered by the customer

Purchase Discount in Accounting

| Date | Particulars | Debit | Credit |
|---------------|-------------------------------------|----------|----------|
| Mar. 31, 2019 | Accounts Receivable A/C | \$90,000 | |
| | Sales A/C | | \$90,000 |
| Feb. 08, 2019 | Cash A/C | \$85,500 | |
| | Sales discount A/C (5% of \$90,000) | \$4,500 | |
| | Accounts Receivable A/C | | \$90,000 |

Sales Discounts in Accounting

| Date | Particulars | Debit | Credit |
|---------------|-------------------------|----------|----------|
| Jan. 31, 2019 | Accounts Receivable A/C | \$50,000 | |
| | Sales A/C | | \$50,000 |
| Feb. 20, 2019 | Cash A/C | \$50,000 | |
| | Accounts Receivable A/C | | \$50,000 |

| Date | Particulars | Debit | Credit |
|---------------|-------------------------------------|----------|----------|
| Jan. 31, 2019 | Accounts Receivable A/C | \$50,000 | |
| | Sales A/C | | \$50,000 |
| Feb. 08, 2019 | Cash A/C | \$49,000 | |
| | Sales discount A/C (2% of \$50,000) | \$1,000 | |
| | Accounts Receivable A/C | | \$50,000 |

طريقة التدريس
Method of teaching

| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) |
|--|--|--|---|
| <ul style="list-style-type: none"> تمهيد Purchase Discount in Accounting في المحاسبة Sales Discounts in Accounting خصم المبيعات في المحاسبة | <ul style="list-style-type: none"> شرح خصم الشراء في المحاسبة وأنواعه خصم المبيعات في المحاسبة | <ul style="list-style-type: none"> توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم السجلات والدفاتر المحاسبية. القيود اليومية حل تمرينات عملي خصم الشراء خصم المبيعات | <ul style="list-style-type: none"> تمرين رياضي. التلخيص الموضوع اختبار قصير واسالة تفاعلية |

الوقت الكلي (١٨٠ دقيقة)

A business loan is financing a lender provides to a company for various purposes, such as starting a new venture, expanding operations, or purchasing equipment. A business loan and monthly payments are entered into the accounts by journal entry.

Bank Loan Received

When the bank loan is received, Company A will record the following journal entries:

- Debit Bank Account: \$ 50,000 – Asset Account
- Credit Loan Liability: \$ 50,000 – Liability Account

The loan accounting journal will look like this:

Bank loan Received Journal Entry

| Date | Account Name | Debit | Credit |
|-----------------|--------------|--------|--------|
| 31st March 2023 | Bank Account | 50,000 | |
| | Loan Account | | 50,000 |

Exercise

Journalize the following transactions in the Journal maintained by Ahmed through the month of January 2022 (The amounts in Iraqi Dinars) (IDs).

Loan received from Ahmed by cheque deposited in the bank 600000000

| Date | Particulars | L.F. | Debit IDs | |
|------------------|--|------|--------------|-----------|
| 2020 Jan 1 | Bank A/c Dr | | 600000000 | |
| | To Ahmed's loan A/c (Being loan received from Ahmed deposited in the Bank) | | | 600000000 |
| | | | | |
| | TOTAL | | | |

طريقة التدريس
Method of teaching

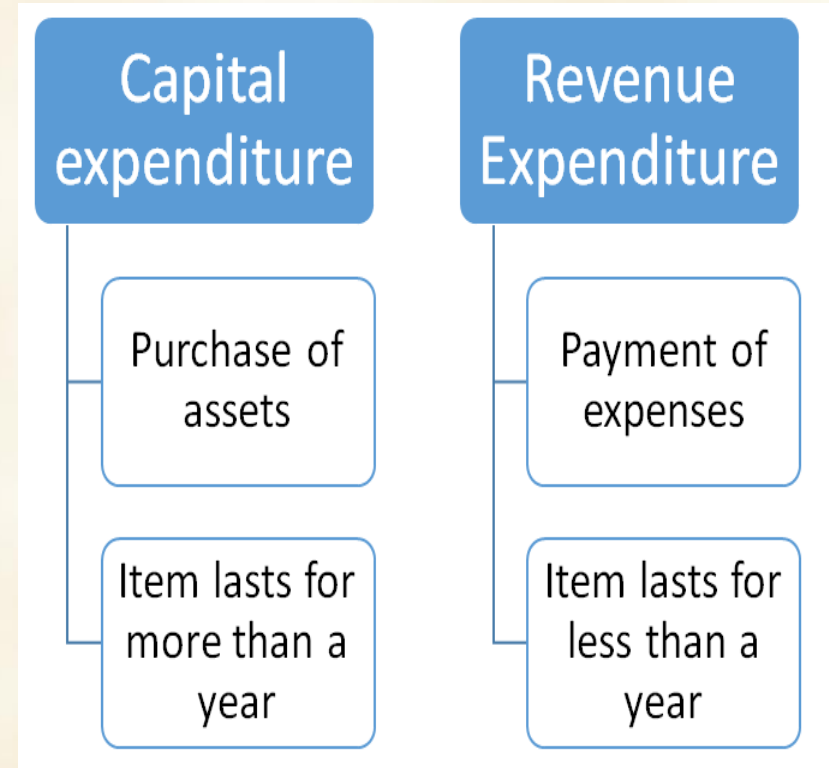
| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) |
|--|--|--|---|
| <ul style="list-style-type: none"> تمهيد Purchase Discount in Accounting في المحاسبة Sales Discounts in Accounting خصم المبيعات في المحاسبة | <ul style="list-style-type: none"> شرح خصم الشراء في المحاسبة وأنواعه خصم المبيعات في المحاسبة | <ul style="list-style-type: none"> توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم السجلات والدفاتر المحاسبية. القيود اليومية حل تمرينات عملي خصم الشراء خصم المبيعات | <ul style="list-style-type: none"> تمرين رياضي. التلخيص الموضوع اختبار قصير واسالة تفاعلية |

الوقت الكلي (١٨٠ دقيقة)

Capital and Revenues Expenditures, Terms of expenditures

الأسبوع العاشر
Tenth Week

The concept of capital and revenue is very crucial if one has to find the accounting profit for a specific period. Moreover, it is necessary to divide the transactions into capital and revenue to recognize business assets at the closure of the accounting or financial year.



Capital Transactions

A capital transaction has significant effects on more than one accounting period i.e. the benefits of which are received for longer than one year. A capital transaction may be either:

- Capital expenditures
- Capital receipts

Revenue Transactions

A revenue transaction originates from regular business operations and affects only one accounting period or if the benefits are enjoyed within one accounting period. Revenue transactions can be classified into two categories:

- Revenue expenditures
- Revenue income/receipts

Capital vs Revenue Transactions: A Comparison Table

This is a table that distinguishes between capital transactions and revenue transactions, respectively:

Capital Transactions

Capital Expenditures

This is called asset cost, which is incurred in the process of purchasing assets or maintaining the existing assets which can increase the production capacity and earning capacity of a business. Capital expenditure refers to money spent to buy either physical or virtual property.

Examples:

- Cost of purchasing machinery.
- Charges for delivering the machinery.
- Charges for installing the machinery.
- Fees paid in acquiring a license
- Cost of Goodwill

Revenue Transactions

Revenue expenditures

These expenditures refers to the costs that a business incurs in its routine operations and for which benefits have been enjoyed by the owner during an accounting period. Simply the expenses made for running or managing a business is known as the Revenue expenditures.

Examples:

- Cost of the repairs of machinery
- Payment of salaries and wages
- Payment of rent
- Payment of any utility bills
- Cost of stationery and printing

Capital Income/Receipts

Capital Income or Receipts are funds that an entity gets which lead to alter its overall capital structure or financial position. On the other hand, most of these receipts are non-recurring in nature.

Examples:

- Receipts from sale of a property or equipment
- Loan taken from banks or financial institutions
- Fund raised through issues of shares
- Grants received from Governments.

Revenue Income/Receipts

Revenue income or receipts are the funds generated by an entity through its regular business operations. These receipts are typically recurring in nature.

Examples

- Receipt from sale of product or services.
- Earning income from investments.
- Earning dividend from shares of other companies
- Earning Fees for professional services
- Income from intellectual property rights

طريقة التدريس
Method of teaching

| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) |
|---|--|---|--------------------------------------|
| <ul style="list-style-type: none"> تمهيد Capital Revenues Expenditures, | <p>شرح:</p> <ul style="list-style-type: none"> النفقات الرأسمالية الإيرادات، شروط النفقات | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم السجلات والدفاتر المحاسبية. - القيود اليومية - مناقشة المواضيع النفقات الرأسمالية والإيرادات، شروط النفقات | <p>- اختبار قصير و اسئلة تفاعلية</p> |

الوقت الكلي (١٨٠ دقيقة)

It is the Trial Balance that is the basis for the final accounts. It contains both debit and credit balances of all ledger accounts. The debit balance of a Trial balance represent either: Assets or Losses or Expenses. The credit balances of a Trial balance represent either Liabilities or Gains.

All Losses and expenses are transferred to the Trading and Profit and Loss Account.
All assets appear on the Balance Sheet in the assets side.

All Liabilities appear on the Balance Sheet in liabilities side.
All gains and revenues are transferred to the Trading and Profit and Loss Account.

The final accounts for commercial firms are split into three parts:

1. Trading A/c which shows Trading Profit (Gross Profit) or Gross Loss.
2. Profit and Loss A/c which shows the Net Profit or Loss incurred.
3. Balance Sheet which is a statement of Assets and Liabilities.
This statement reflects the financial position of the business.

Trial Balance Format

| Ledger Name | Debit Balance | Credit Balance |
|----------------------|--------------------|--------------------|
| Motor Car | \$500,000 | |
| Furniture | \$50,000 | |
| Computers | \$450,000 | |
| Fixed Assets | \$5,500,000 | |
| Bank Balances | \$250,000 | |
| Cash in Hand | \$35,000 | |
| Trade Receivables | \$525,000 | |
| Bank Overdraft | (-) \$200,000 | |
| Trade Payables | | \$100,000 |
| Security Premium | | \$2,500,000 |
| Share Capital | | \$2,500,000 |
| Capital Reserve | | \$440,100 |
| Rent Payable | | \$30,000 |
| Rent Expenses | \$110,100 | |
| Salary Payable | | \$70,000 |
| Electricity Expenses | \$120,000 | |
| Secured Loan | | \$1,500,000 |
| Unsecured Loan | | \$200,000 |
| Total | \$7,340,100 | \$7,340,100 |

| طريقة التدريس Method of teaching | | | | |
|-------------------------------------|---|--|---|-------------------------|
| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) | الوقت الكلي (١٨٠ دقيقة) |
| مقدمة عن Trail Balance | <p>شرح:</p> <ul style="list-style-type: none"> • ميزان المراجعة • Trail Balance • الرسوم التوضيحية | <ul style="list-style-type: none"> - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم حول ميزان المراجعة والارصدة والمجاميع | <ul style="list-style-type: none"> - اختبار قصير و اسئلة تفاعلية - حل تمرين عملي عن ميزان المراجعة. | |

Financial statements are a set of documents that show your company's financial status at a specific point in time. They include key data on what your company owns and owes and how much money it has made and spent. There are four main financial statements:

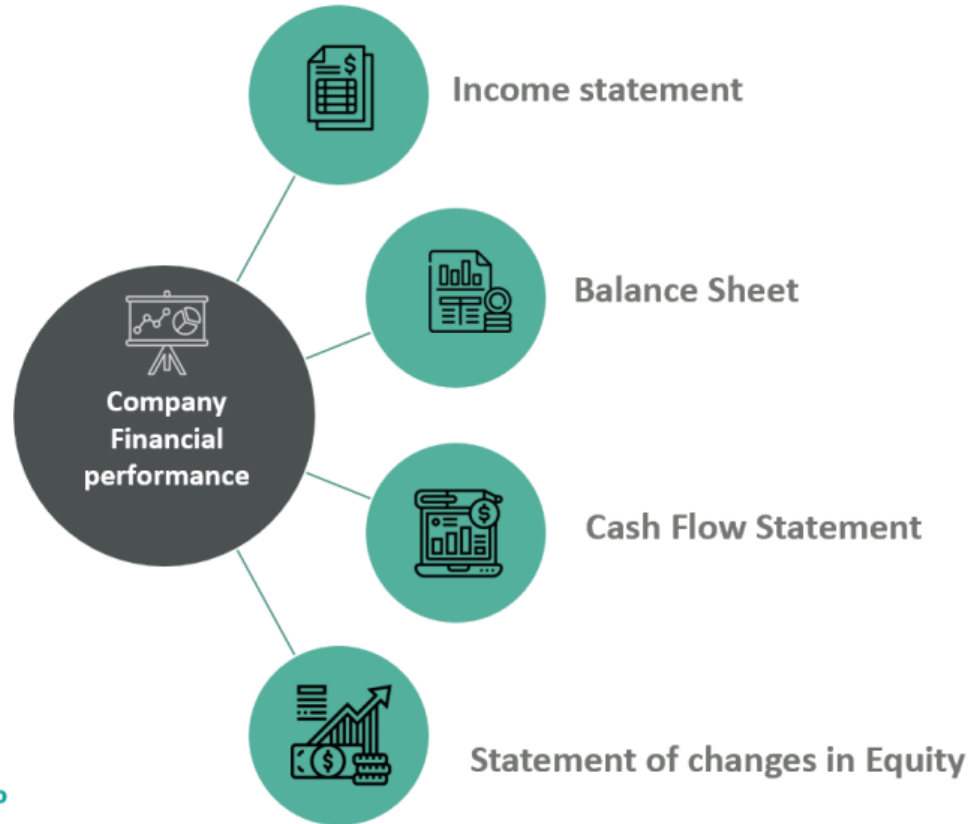
- balance sheet
- income statement
- cash flow statement
- statement of retained earnings

FINANCIAL STATEMENTS

- 1 Balance Sheet
- 2 Income Statement
- 3 Statement of Cashflow
- 4 Statement of Change in Equity
- 5 Notes to Financial Statements



Annual Financial Statements



| طريقة التدريس Method of teaching | | | | |
|-------------------------------------|---|--|---|---|
| الوقت الكلي (١٨٠ دقيقة) | تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) |
| | تمهيد عن Financial Statement القوائم المالية | شرح: Financial Statement • مع الرسوم التوضيحية | - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم حول ميزان المراجعة والارصدة والمجاميع | - اختبار قصير و اسئلة تفاعلية - توضيح مكونات الأوراق المالية بالرسوم والصور التوضيحية. |

Trading Account:

This account is a nominal account. It shows the results of buying and selling of goods. It shows how much gross profit the business has earned. The difference between sales and cost of goods sold is gross profit. The purpose of preparing the trading account is to find gross profit or gross loss.

$$\text{Cost of goods sold} = \text{Opening Stock} + \text{Purchases} + \text{Direct Expenses on purchases} - \text{Closing Stock}$$

Example:

Calculate purchases from the following information:

Opening Stock IDs 5000

Closing Stock IDs 7000

Cost of Goods sold IDs 80000

Solution:

Opening Stock + Purchases - Closing stock = Cost of goods sold

5000 + Purchases - 7000 = 80000

Purchases = 80000 - 5000 + 7000

Purchases = IDs 82000

Format of Trading Account**Trading A/c**

| Particulars | IDs | Amount IDs | Particulars | IDs | Amount IDs |
|--|-----|---------------|--|-----|---------------|
| To Opening Stock | | xxx | By Sales | | xxx |
| To Purchases | | xxx | By Purchases Returns | | xxx |
| To Sales Returns | | xxx | By Closing Stock | | xxx |
| To Freight-in | | xxx | | | |
| To P. & L. A/c [Gross Profit c/d (if there is a profit)] | | xxx | By P. & L. A/c [Gross Loss c/d (If there is a loss)] | | xxx |
| | | xxx | | | xxx |

The balance of this account shows gross profit or gross loss which is transferred to Profit and Loss Account. The entries in journal book are recording as follow:

Closing entries for Trading Account:

| Explanation | Entry | Dr | Cr |
|---|---|------------|--------------------------|
| (1) For Transfer of Opening Stock, purchases, Sales returns and direct expenses to Trading A/c: | Trading account Dr To beginning inventory To purchases To freight in To sales returns | xxx | xxx xxx xxx xxx |
| (2) For Transfer of Sales revenues ,and Purchases returns to Trading A/c | Sales revenues Dr Purchases returns Dr To Trading account | xxx xxx | xxx |
| (3)For Transfer Closing Stock to Trading A/c | Ending Inventory Dr To Trading account | xxx | xxx |

If a total credit for trading account is more than total debits gross profit realized the closing entry is:

| Explanation | Entry | Dr | Cr |
|--|---|-----|-----|
| For transferring gross profit to P&L A/c | Trading A/c Dr To profit and loss A/c (Close the gross profit) | xxx | xxx |

If total credits for trading account is less than total debits gross loss incurred and closing entry is:

| Explanation | Entry | Dr | Cr |
|--|--|-----|-----|
| For transferring gross Loss to P&L A/c | Profit and Loss A/c Dr To trading A/c | xxx | xxx |

Some of authors show to subtract (deduct) sales returns and allowances from sales revenue to get net sales; deduct purchases returns and allowances from purchases to find net purchases.

Cost of purchases — net purchases + other costs of purchases

| طريقة التدريس Method of teaching | | | | |
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| <p>Readings in trading account</p> <p>تمهيد عن حساب المتاجرة</p> <p>القوائم المالية</p> | <p>شرح:</p> <p>حساب المتاجرة</p> <ul style="list-style-type: none"> • توضيح حساب المتاجرة بالرسوم التوضيحية | <p>- توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم حول حساب المتاجرة</p> | <p>- اختبار قصير و اسئلة تفاعلية</p> <p>- توضيح مكونات حساب المتاجرة</p> <p>- حل تمارين حساب المتاجرة</p> | |

Readings in profit and loss topics

الأسبوع الرابع عشر
Fourteenth week

A profit and loss statement (P&L), or income statement or statement of operations, is a financial report that provides a summary of a company's revenues, expenses, and profits/losses over a given period of time. The P&L statement shows a company's ability to generate sales, manage expenses, and create profits





| طريقة التدريس Method of teaching | | | | |
|---|--|--|--|-------------------------|
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| Readings in profit and loss topics تمهيد عن حساب المتاجرة القوائم المالية | شرح: حساب الأرباح والخسائر الرسوم التوضيحية. | - توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم حول حساب المتاجرة | - اختبار قصير و اسألة تفاعلية - توضيح مكونات حساب المتاجرة - حل تمارين | |

The Balance Sheet

الأسبوع الخامس عشر
Fourteenth week

This approach of double entry for identifying the debit account and credit account according to the following rules concerning the components (elements) of **accounting equation** (**Balance sheet equation**) :

What is a **Balance Sheet**?



What are the **Components** of the **Balance Sheet**?

Assets

Current Assets

- Inventory
- Prepaid Expenses
- Accounts Receivable
- Short-term Investments
- Cash and Cash Equivalents

Non-Current Assets

- Intangible Assets
- Deferred Tax Assets
- Long-term Investments
- Property, Plant, and Equipment (PPE)

Liabilities

Current Liabilities

- Taxes Payable
- Accounts Payable
- Accrued Expenses
- Short-term Loans or Debt

Non-Current Liabilities

- Long-term Debt
- Long-term provisions
- Deferred Tax Liabilities

Shareholder's Equity

Share Capital

- Equity Share Capital
- Preference Share Capital

Reserves and Surplus

- General Reserve
- Capital Reserves
- Retained Earnings



| | | | | | |
|--------------------------------|------|--------------|--|-------|--------------|
| <u>Current assets</u> | | | <u>Current liabilities</u> | | |
| Cash | 5000 | | | | |
| Notes receivable | 2500 | | Notes payable | 2500 | |
| Debtors (accounts receivables) | 4000 | | creditors (accounts payable) | 2000 | |
| Ending inventory | 4000 | | | | |
| | | | | | |
| Total current assets | | 15500 | Total current liabilities | | 4500 |
| | | | | | |
| | | | | | |
| <u>Fixed assets</u> | | | <u>Owner's equity</u> | | |
| | | | | | |
| Furniture | 1000 | | Capital 1/1 | 18000 | |
| Cars | 6000 | | + Net income | 6000 | |
| Machines | 3000 | | Total | 24000 | |
| | | | Less: drawings | -3000 | |
| | | | | | |
| Total fixed assets | | 10000 | Net owner's equity | | 27000 |
| | | | | | |
| <u>Total assets</u> | | 25500 | <u>Total liabilities and owner's equity</u> | | 31500 |
| | | | | | |

| <p>طريقة التدريس</p> <p>Method of teaching</p> | | | | |
|--|---|--|--|-------------------------|
| تمهيد (٢٠ دقائق) | عرض المحتوى (٩٠ دقيقة) | نشاط تدريبي (٤٥ دقيقة) | نقاش واختتام (٢٥ دقيقة) | الوقت الكلي (١٨٠ دقيقة) |
| <p>Readings Balance Sheet</p> <p>تمهيد عن الميزانية العمومية</p> | <p>شرح: الميزانية العمومية توضيح الشرح بالرسوم التوضيحية.</p> | <p>- توزيع الطلاب في مجموعات صغيرة ومناقشة بعض المفاهيم الميزانية العمومية ومكوناتها</p> | <p>- اختبار قصير و اسألة تفاعلية توضيح مكونات الميزانية العمومية - حل تمارين</p> | |



المصادر والمراجع Sources and references

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2. Accounting Basra Press 2017
3. Related "WEP" resources and other electronic resource.