

Accounting Cycle:

1. Journalizing:
 - a. Analysis
 - b. Recording
2. Ledger
3. Pre-Closing Trial Balance
4. Adjustments
5. Adjusted Trial Balance
6. Income Statement
7. Closing Entries
8. Statement of Changes in Owner's Equity
9. Post-Closing Trial Balance
10. Balance Sheet
11. Opening Entry
12. Reversing Entries

Account:

Account is a technical device in which increase or decrease in assets, liabilities, owner's equity, revenue or expense is recorded.

Forms of Accounts:

1. T Form/Skeleton Form
2. Standard Form
3. Self-Balancing/Running Balance Form

Debit

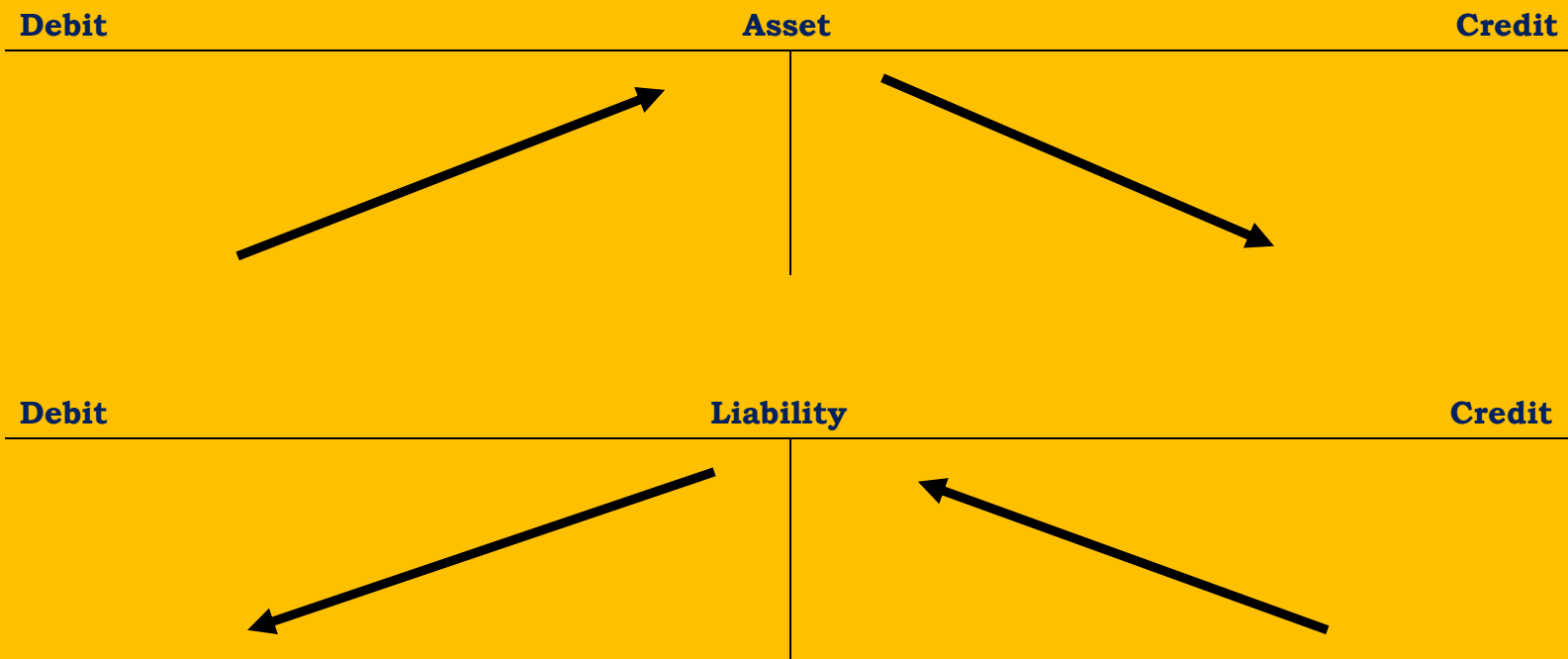
Credit

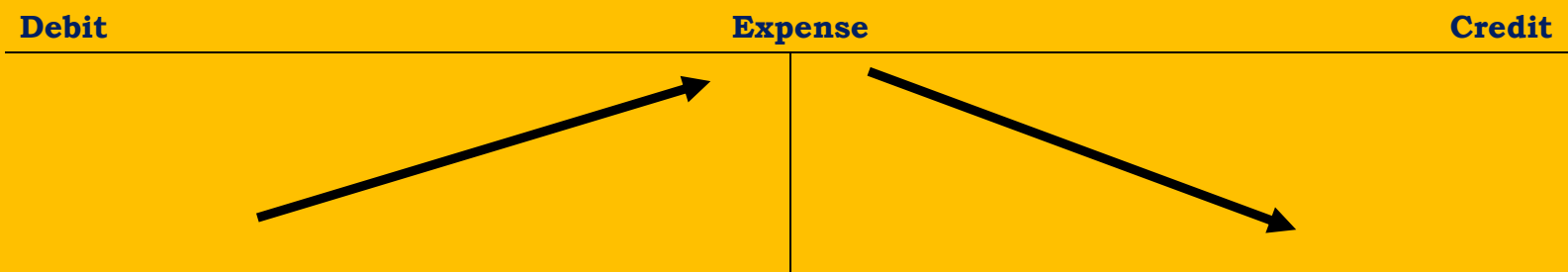
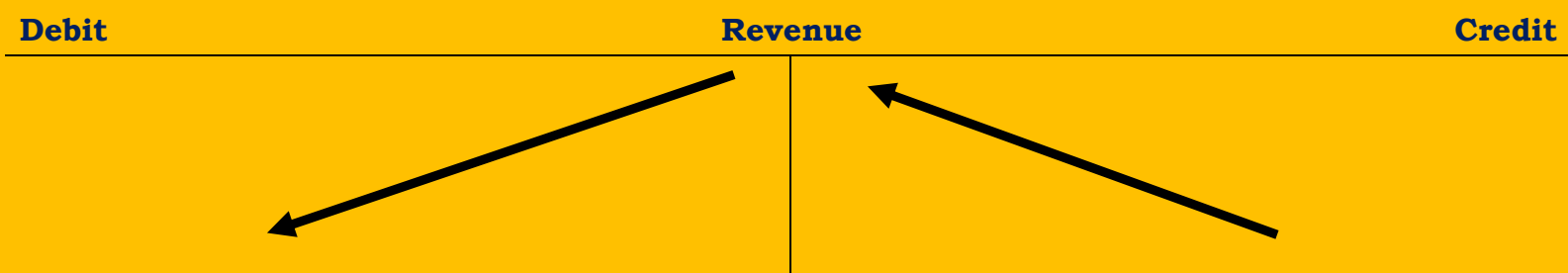
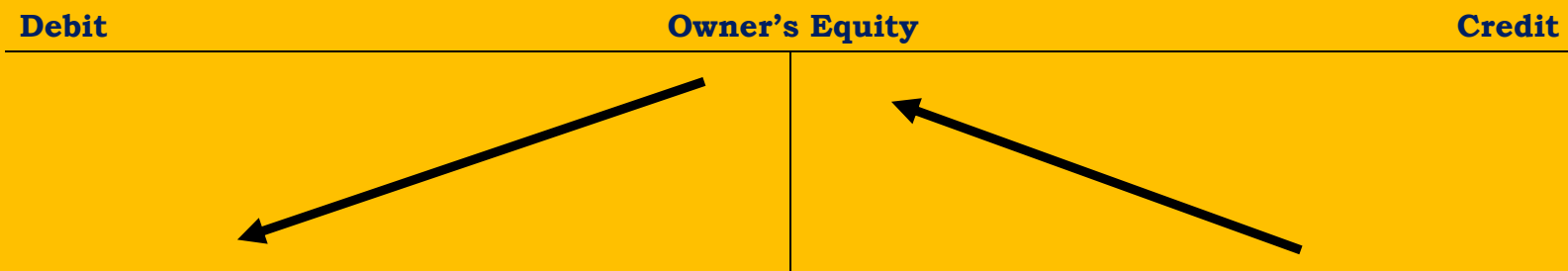
Debit:

1. Debit means Left-hand side of an account.
2. Debit means to write an amount into the left-hand side of an account.
3. Debit means increase in asset or expense and decrease in liability, owner's equity or revenue

Credit:

1. Credit means right-hand side of an account.
2. Credit means to write an amount into the right-hand side of an account.
3. Credit means decrease in asset or expense and increase in liability, owner's equity or revenue.





Rules of Debit and Credit

S.no	Account	Increase	Decrease	Normal Balance
1	Asset	Debit	Credit	Debit
2	Liability	Credit	Debit	Credit
3	Owner's Equity	Credit	Debit	Credit
4	Revenue	Credit	Debit	Credit
5	Expense	Debit	Credit	Debit

Operational Level 1

Fundamentals of Financial Accounting



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