C-Single entry system:

1- definition of single entry system:

<u>A system of accounting in which each transaction is recorded only once,</u> in this system separate record showing amounts due and amounts owed are kept on customers, creditors, and cash.

Exercise(1)

- September 1,2011 Ahmed started his business by capital IQD 10000(in thousands IGD).

-December 31, 2011 an inventory made for the assets and liabilities as follow:

Assets	IQD	Liabilities	IQD
Cash	3000	Creditors	6500
Debtors	5500	Loans	5000
Goods	9000		
Furniture	4500		
Equipment	2000		
Machines	14500		

Required:

determine the profit or losses of the enterprise

The Solution:

Total Assets=3000+5500+9000+4500+2000+14500=38500 IQD

Total liabilities=6500 +5000=11500 IQD

Capital 31/12=38500-11500=27000 IQD

Profit or loss= capital 31/12- capital 1/1

27000-10000 = 17000 IQD

Note: the additions To capital or deductions from Capital during the financial period, and the drawings per personal use, either cash or goods, must consider for determination real resul (profit or loss) as follow:

1- increase of capital- additions+ drawings= real profit

2-decrease of capital + additions- drawing = real loss

TShe above equations can be explained by the following equation:

real profit= capital 31/12- (capital 1/1+ additions- drawings)

real profit= capital 31/ 12- capital 1/1-additions+ drawings

real loss= capital 1/1- (capital 31/12 - additions + drawings)

real loss= capital 1/1- capital 31/12 +additions – drawings

خطوات حل السؤال:

1- نجمع عمود الموجودات.

2- نجمع عمود المطلوبات او الخصوم.

3- نقوم بطرح المطلوبات من الموجودات لنستخرج رأس المال في نهاية السنة المالية31/ 12.

4- نستخرج الزيادة في راس المال خلال السنة المالية من خلال طرح الخطوة(3) من رأس المال في بداية السنة 1/1 .

5- نستخرج الربح الحقيقي او الصافي من خلال تطبيق قانون الزيادة في رأس المال نطرح منها الاضافات ومن ثم نجمع الرسومات.
6- وعند استخراج الخسارة الحقيقية من خلال تطبيق قانون النقصان في رأس المال 1/1 -12/31 مع جمع الاضافات ونطرح الرسومات.

Exercise(2):
-October 1, 2011 Amjed started his business buy cash IQD **50000** (in thousands IQD)
- December 31, 2011 he made an inventory of the assets and liabilities as follow:

Assets	IQD	Liabilities	IQD
Cash	15000	Creditors	15000
Bank	10000	Loans	25000
Goods	30000		
Furniture	5000		
Cars	20000		
Equipment	25000		

Additional information: the additions and drawings through the period were as follow:
- additions IQD **10000**
- drawings IQD **5000**

Required: compute the profit or loss of the Enterprise

The Solution:

total Assets = 15000+ 10000+ 30000+ 5000+ 20000+ 25000= 105000 IQD

total liabilities= 15000+ 25000= 14000 IQD

capital 31/ 12= total assets - Total liabilities

Capital 31/12=105000-40000=65000 IQD

increase of capital= capital 31/12- capital 1/1

increase of capital=65000-50000=15000 IQD

real profit = increase of capital- Additions + drawings

real profit= 15000-10000+5000 =10000IQD

real loss= capital 1/1- capital 31/12 +additions – drawings

real loss = **50000 - 65000 +10000 -5000**

= -15000+10000 -5000

= -10000

Or

we can use the following equation:

real profit= capital 31/12-(capital 1/1+additions-drawings)

real profit= capital31/12- capital1/1- additions +drawings

Real Profit=65000-50000-10000+5000=10000 IQD