

# Chapter 2

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## Recording Business Transactions

### Short Exercises

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(10 min.) **S 2-1**

*Req.1*

1. G
2. C
3. E
4. D
5. A
6. I
7. F
8. B
9. H
10. J

**Req. 1**

**Debits are *increases* for the following types of accounts:**

- **Assets**
- **Owner's drawing**
- **Expenses**

**Debits are *decreases* for these types of accounts:**

- **Liabilities**
- **Owner's capital**
- **Revenues**

**Req. 2**

**Credits are *increases* for these types of accounts:**

- **Liabilities**
- **Owner's capital**
- **Revenues**

**Credits are *decreases* for these types of accounts:**

- **Assets**
- **Owner's drawing**
- **Expenses**

(5 min.) **S 2-3**

**Req. 1**

<b>Normal Balance Debit or Credit</b>	
<b>Assets</b>	<b>Debit</b>
<b>Liabilities</b>	<b>Credit</b>
<b>Owner's equity overall</b>	<b>Credit</b>
<b>Capital</b>	<b>Credit</b>
<b>Drawing</b>	<b>Debit</b>
<b>Revenues</b>	<b>Credit</b>
<b>Expenses</b>	<b>Debit</b>

(5 min.) **S 2-4**

**Req. 1**

**Step 1: Identify each account affected and its type.**

**Step 2: Determine whether each account is increased or decreased.**

**Step 3: Record the transaction in the journal.**

	<b>Account</b>	<b>Type</b>	<b>Increase/ Decrease</b>
<b>5</b>	<b>Accounts receivable</b>	<b>Asset</b>	<b>Increase</b>
	<b>Service revenue</b>	<b>Owner's equity</b>	<b>Increase</b>
<b>28</b>	<b>Cash</b>	<b>Asset</b>	<b>Increase</b>
	<b>Accounts receivable</b>	<b>Asset</b>	<b>Decrease</b>

(continued) **S 2-4**

**Req. 1 - continued**

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jan</b>	<b>5</b>	<b>Accounts receivable</b>		<b>1,000</b>	
		<b>Service revenue</b>			<b>1,000</b>
		<b>Performed service on account.</b>			
	<b>28</b>	<b>Cash</b>		<b>600</b>	
		<b>Accounts receivable</b>			<b>600</b>
		<b>Received cash on account.</b>			

(10 min.) **S 2-5**

**Req. 1**

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jan</b>	<b>1</b>	<b>Cash</b>		<b>29,000</b>	
		<b>Brown, capital</b>			<b>29,000</b>
		<b>Owner investment</b>			
	<b>2</b>	<b>Medical supplies</b>		<b>14,000</b>	
		<b>Accounts payable</b>			<b>14,000</b>
		<b>Purchased supplies on account.</b>			
	<b>2</b>	<b>Rent expense</b>		<b>2,600</b>	
		<b>Cash</b>			<b>2,600</b>
		<b>Paid office rent.</b>			
	<b>3</b>	<b>Accounts receivable</b>		<b>8,000</b>	
		<b>Service revenue</b>			<b>8,000</b>
		<b>Performed service on account.</b>			

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jan</b>	<b>22</b>	<b>Accounts receivable</b>		<b>8,000</b>	
		<b>Service revenue</b>			<b>8,000</b>
		<b>Performed service on account.</b>			
	<b>30</b>	<b>Cash</b>		<b>7,000</b>	
		<b>Accounts receivable</b>			<b>7,000</b>
		<b>Received cash on account.</b>			
	<b>31</b>	<b>Utilities expense</b>		<b>180</b>	
		<b>Accounts payable</b>			<b>180</b>
		<b>Received utility bill.</b>			
	<b>31</b>	<b>Salary expense</b>		<b>2,000</b>	
		<b>Cash</b>			<b>2,000</b>
		<b>Paid salary expense.</b>			
	<b>31</b>	<b>Advertising expense</b>		<b>700</b>	
		<b>Cash</b>			<b>700</b>
		<b>Paid advertising expense.</b>			

Req. 1

<b>Journal</b>				
<b>DATE</b>	<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>1.</b>	<b>Supplies</b>		<b>3,400</b>	
	<b>Accounts payable</b>			<b>3,400</b>
	<b>Purchased supplies on account.</b>			
<b>2.</b>	<b>Accounts payable</b>		<b>1,700</b>	
	<b>Cash (\$3,400 × 1/2)</b>			<b>1,700</b>
	<b>Paid on account.</b>			

Req. 2

<b>Accounts payable</b>			
<b>2.</b>	<b>1,700</b>	<b>1.</b>	<b>3,400</b>
		<b>Bal</b>	<b>1,700</b>

**Req. 1**

<b>Journal</b>				
DATE	ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
	Accounts receivable		16,000	
	Service revenue			16,000
	Performed service on account.			
	Cash		9,600	
	Accounts receivable			9,600
	Received cash on account.			

**Req. 2**

Cash	Accounts receivable	Service revenue
9,600	16,000	16,000
Bal 9,600	Bal 6,400	Bal 16,000

**Req. 3**

- a. Washington earned: \$16,000 as Service revenue
- b.
- |                     |                 |
|---------------------|-----------------|
| Cash                | \$9,600         |
| Accounts receivable | <u>6,400</u>    |
| Total assets        | <u>\$16,000</u> |

**Req. 1**

<b>Cash</b>	
	<b>29,000</b>
	<b>2,600</b>
<b>Bal</b>	<b>26,400</b>

<b>Accounts receivable</b>	
	<b>8,000</b>
<b>Bal</b>	<b>8,000</b>

<b>Medical supplies</b>	
	<b>14,000</b>
<b>Bal</b>	<b>14,000</b>

<b>Accounts payable</b>	
	<b>14,000</b>
<b>Bal</b>	<b>14,000</b>

<b>Brown, capital</b>	
	<b>29,000</b>
<b>Bal</b>	<b>29,000</b>

<b>Service revenue</b>	
	<b>8,000</b>
<b>Bal</b>	<b>8,000</b>

<b>Rent expense</b>	
	<b>2,600</b>
<b>Bal</b>	<b>2,600</b>



## Req. 2

<b>Ned Brown, M.D.</b>		
<b>Trial Balance</b>		
<b>January 3, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$26,400	
Accounts receivable	8,000	
Medical supplies	14,000	
Accounts payable		\$14,000
Brown, capital		29,000
Service revenue		8,000
Rent expense	<u>2,600</u>	
<b>Total</b>	<b><u>\$51,000</u></b>	<b><u>\$51,000</u></b>

(10 min.) S 2-10

## Req. 1

<b>Oakland Floor Coverings</b>		
<b>Trial Balance</b>		
<b>December 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$12,000	
Equipment	45,000	
Accounts payable		\$ 2,000
Other liabilities		18,000
Oakland, capital		22,000
Revenues		34,000
Expenses	<u>19,000</u>	
<b>Total</b>	<b><u>\$76,000</u></b>	<b><u>\$76,000</u></b>

## Req. 1

<b>Brenda Longval Travel Design</b>		
<b>Incorrect Trial Balance</b>		
<b>April 30, 2012</b>		
<b>ACCOUNT</b>	<b>Balance</b>	
	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$18,000	
Accounts receivable	1,000	
Office supplies	500	
Land	14,000	
Accounts payable		\$ 400
Longval, capital	30,600*	
Longval, drawing	3,000	
Service revenue		8,800
Rent expense, computer	700	
Rent expense, office	900	
Salary expense	1,100	
Utilities expense	600	
<b>Total</b>	<b><u>\$70,400</u></b>	<b><u>\$9,200</u></b>

\*Incorrect; should be listed as a credit.

To correct this error,

1. Take the difference between total debits and total credits:

$$\$70,400 - \$9,200 = \$61,200$$

2. Divide the error by 2:

$$\$61,200 / 2 = \$30,600$$

3. Locate \$30,600 on the trial balance. The Longval, capital account should have a credit balance.

## Req. 1

<b>Francis Nangle Travel Design</b>		
<b>Incorrect Trial Balance</b>		
<b>January 31, 2012</b>		
ACCOUNT	Balance	
	DEBIT	CREDIT
Cash	\$20,000	
Accounts receivable	1,000	
Office supplies	500	
Land	12,000	
Accounts payable		\$ 100
Nangle, capital		31,000
Nangle, drawing	300*	
Service revenue		8,700
Rent expense, computer	700	
Rent expense, office	1,200	
Salary expense	1,200	
Utilities expense	200	
<b>Total</b>	<b><u>\$37,100</u></b>	<b><u>\$39,800</u></b>

\*Incorrect; should be listed as \$3,000.

To correct this error,

1. Take the difference between total debits and total credits:

$$\$37,100 - \$39,800 = \$2,700$$

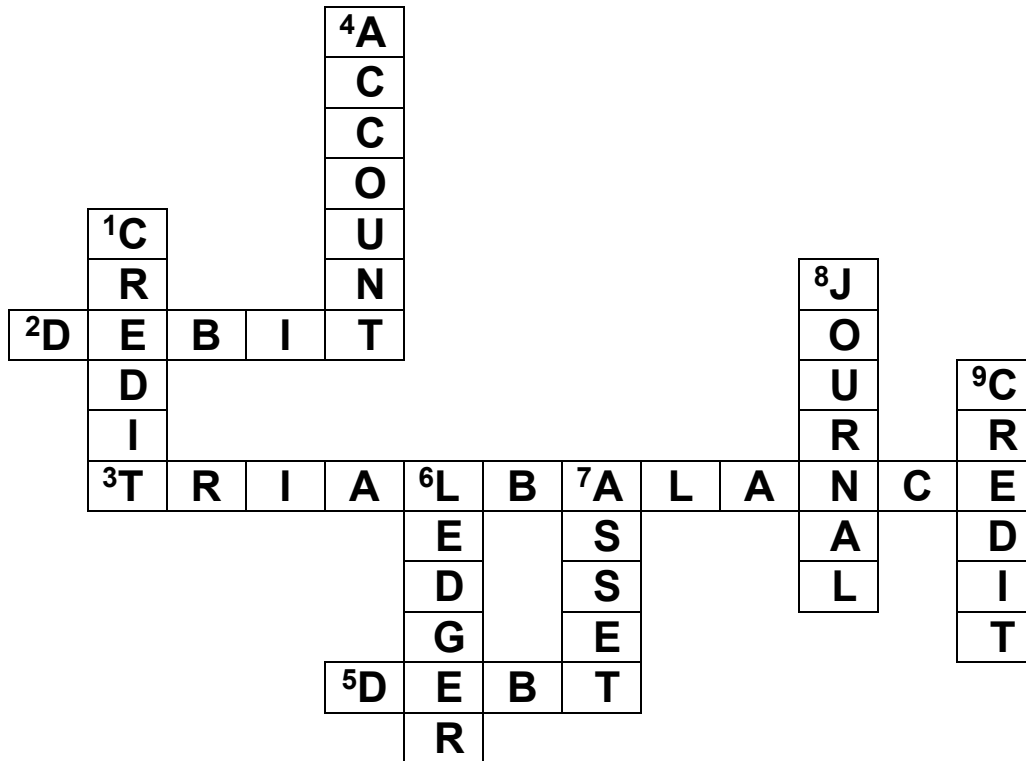
2. Divide the error by 9:

$$\$2,700 \div 9 = \$300$$

3. Locate \$300 on the trial balance. The Nangle, drawing account holds the error. Trace the Nangle, drawing balance back to the ledger account, which shows the correct amount, \$3,000.

# Exercises

(10 min.) E 2-13



(10-15 min.) E 2-14

				4N							
	2R	E	C	E	I	V	A	B	L	7E	
1D				T						X	
E				I						P	
3B	A	L	A	N	C	E	S	H	E	E	T
I				C						N	
T			5P	O	S	T				S	
				M						E	
	6C	R	E	D	I	T					

(10-15 min.) E 2-15

Req. 1

<b>ASSETS</b>	=	<b>LIABILITIES</b>	+	<b>OWNER'S EQUITY</b>
<i>Debit</i>		<i>Credit</i>		<i>Credit</i>
\$390,000	=	\$260,000	+	\$130,000

Req. 2

<b>REVENUES</b>	-	<b>EXPENSES</b>	=	<b>NET INCOME (net loss)</b>
\$480,000	-	\$350,000	=	\$130,000
<i>Credit</i>		<i>Debit</i>		<i>Credit</i>

**NET INCOME** represents a net *credit* because revenues (*credits*) exceed expenses (*debits*).

**NET LOSS** would be a net *debit* because expenses (*debits*) would exceed revenues (*credits*).

## Req. 1

<b>Journal</b>				
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jul</b>	<b>2</b>	<b>Utilities expense</b>	<b>400</b>	
		<b>Cash</b>		<b>400</b>
	<b>5</b>	<b>Equipment</b>	<b>2,100</b>	
		<b>Accounts payable</b>		<b>2,100</b>
	<b>10</b>	<b>Accounts receivable</b>	<b>2,000</b>	
		<b>Service revenue</b>		<b>2,000</b>
	<b>12</b>	<b>Cash</b>	<b>7,000</b>	
		<b>Note payable</b>		<b>7,000</b>
	<b>19</b>	<b>Cash</b>	<b>29,000</b>	
		<b>Land</b>		<b>29,000</b>
	<b>21</b>	<b>Supplies</b>	<b>800</b>	
		<b>Cash</b>		<b>800</b>
	<b>27</b>	<b>Accounts payable</b>	<b>2,100</b>	
		<b>Cash</b>		<b>2,100</b>

**Req. 1**

<b>May</b>	<b>1</b>	<b>Owner's investment</b>
	<b>2</b>	<b>Purchased supplies on account (on credit)</b>
	<b>4</b>	<b>Paid cash for building</b>
	<b>6</b>	<b>Performed services for cash</b>
	<b>9</b>	<b>Payment on account</b>
	<b>17</b>	<b>Performed services on account</b>
	<b>23</b>	<b>Received payment on account</b>
	<b>31</b>	<b>Payment of expenses</b>

**Reqs. 2 and 3**

<b>Cash</b>		<b>110</b>	<b>Accounts receivable</b>		<b>120</b>
<b>May 1</b>	<b>75,000</b>	<b>May 4</b>	<b>53,000</b>	<b>May 17</b>	<b>2,500</b>
	<b>6 2,600</b>		<b>9 400</b>	<b>May 23</b>	<b>1,900</b>
	<b>23 1,900</b>		<b>31 2,000</b>	<b>May 31</b>	<b>600</b>
<b>May 31</b>	<b>24,100</b>				

<b>Supplies</b>		<b>130</b>	<b>Building</b>		<b>140</b>
<b>May 2</b>	<b>500</b>		<b>May 4</b>	<b>53,000</b>	
<b>May 31</b>	<b>500</b>		<b>May 31</b>	<b>53,000</b>	

<b>Accounts payable</b>		<b>210</b>	<b>Ward, capital</b>		<b>310</b>
<b>May 9</b>	<b>400</b>	<b>May 2</b>	<b>500</b>	<b>May 1</b>	<b>75,000</b>
		<b>May 31</b>	<b>100</b>	<b>May 31</b>	<b>75,000</b>

(continued) E 2-17

Req. 1

Service revenue		410	Rent expense		510
	May 6	2,600	May 31	900	
	17	2,500	May 31	900	
	May 31	5,100			

Salary expense		520
May 31	1,100	
May 31	1,100	

(continued) E 2-17

Req. 4

Ward Technology Solutions		
Trial Balance		
May 31, 2012		
ACCOUNT	DEBIT	CREDIT
Cash	\$24,100	
Accounts receivable	600	
Supplies	500	
Building	53,000	
Accounts payable		\$ 100
Ward, capital		75,000
Service revenue		5,100
Salary expense	1,100	
Rent expense	900	
Total	<u>\$80,200</u>	<u>\$80,200</u>



*Req. 1**Req. 2*

	Effect on Trial Balance	Account	Amount	Direction of Error
a.	Total debits > Total credits	Note payable	\$7,000	Too low
b.	Total debits > Total credits	Utility expense	810	Too high
c.	Total debits = Total credits	Furniture	800	Too high
		Accounts payable	800	Too high
d.	Total debits > Total credits	Cash	1,080	Too high
e.	Total debits = Total credits	Supplies	90	Too low
		Accounts payable	90	Too low

**Reqs. 1 and 2**

<b>Cash</b>			
Jul 1	4,000	Jul 2	400
12	7,000	21	800
19	29,000	27	2,100
Jul 31	36,700		

<b>Accounts receivable</b>		
Jul 10	2,000	
Jul 31	2,000	

<b>Supplies</b>	
Jul 21	800
Jul 31	800

<b>Equipment</b>	
Jul 5	2,100
Jul 31	2,100

<b>Land</b>			
Jul 1	29,000	Jul 19	29,000
Jul 31	0		

<b>Accounts payable</b>			
Jul 27	2,100	Jul 5	2,100
		Jul 31	0

<b>Notes payable</b>		
	Jul 12	7,000
	Jul 31	7,000

<b>London, capital</b>		
	Jul 1	33,000
	Jul 31	33,000

<b>Service revenue</b>		
	Jul 10	2,000
	Jul 31	2,000

<b>Utilities expense</b>		
Jul 2	400	
Jul 31	400	

**Req. 3**

<b>London Engineering</b>		
<b>Trial Balance</b>		
<b>July 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Cash</b>	<b>\$36,700</b>	
<b>Accounts receivable</b>	<b>2,000</b>	
<b>Supplies</b>	<b>800</b>	
<b>Equipment</b>	<b>2,100</b>	
<b>Notes payable</b>		<b>\$ 7,000</b>
<b>London, capital</b>		<b>33,000</b>
<b>Service revenue</b>		<b>2,000</b>
<b>Utilities expense</b>	<b>400</b>	
<b>Total</b>	<b><u>\$42,000</u></b>	<b><u>\$42,000</u></b>

**Req. 1**

<b>Journal</b>				
DATE	ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
1.	<b>Cash</b>		<b>53,000</b>	
	<b>Adams, capital</b>			<b>53,000</b>
	<b>Owner's investment.</b>			
2.	<b>Supplies</b>		<b>700</b>	
	<b>Accounts payable</b>			<b>700</b>
	<b>Purchased supplies on account.</b>			
3.	<b>Building</b>		<b>40,000</b>	
	<b>Cash</b>			<b>40,000</b>
	<b>Paid cash for building.</b>			
4.	<b>Cash</b>		<b>50,000</b>	
	<b>Note payable</b>			<b>50,000</b>
	<b>Borrowed money; signed note payable.</b>			
5.	<b>Equipment</b>		<b>4,700</b>	
	<b>Cash</b>			<b>4,700</b>
	<b>Paid cash for equipment.</b>			

## Req. 2

<b>Adams' Lawn Care Company</b>		
<b>Trial Balance</b>		
<b>December 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Cash</b>	<b>\$ 58,300</b>	
<b>Supplies</b>	<b>700</b>	
<b>Equipment</b>	<b>4,700</b>	
<b>Building</b>	<b>40,000</b>	
<b>Accounts payable</b>		<b>\$ 700</b>
<b>Note payable</b>		<b>50,000</b>
<b>Adams, capital</b>		<b><u>53,000</u></b>
<b>Total</b>	<b><u>\$103,700</u></b>	<b><u>\$103,700</u></b>

**Req. 1** Thomas Sell's transaction:

<b>Journal</b>				
<b>DATE</b>	<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
	<b>Repair expense</b>		<b>573.41</b>	
	<b>Cash</b>			<b>573.41</b>
	<b>Paid repair bill.</b>			

**Req. 2** Best Automotive's transaction:

<b>Journal</b>				
<b>DATE</b>	<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
	<b>Cash</b>		<b>573.41</b>	
	<b>Service revenue</b>			<b>573.41</b>
	<b>Performed service and received cash.</b>			

## Req. 2

<b>Journal</b>				
<b>DATE</b>	<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>a.</b>	<b>Cash</b>		<b>14,100</b>	
	<b>Office furniture</b>		<b>5,200</b>	
	<b>Parker, capital</b>			<b>19,300</b>
<b>b.</b>	<b>Rent expense</b>		<b>1,500</b>	
	<b>Cash</b>			<b>1,500</b>
<b>c.</b>	<b>Office supplies</b>		<b>900</b>	
	<b>Accounts payable</b>			<b>900</b>
<b>d.</b>	<b>Salary expense</b>		<b>1,700</b>	
	<b>Cash</b>			<b>1,700</b>
<b>e.</b>	<b>Accounts payable</b>		<b>700</b>	
	<b>Cash</b>			<b>700</b>
<b>f.</b>	<b>Accounts receivable</b>		<b>5,900</b>	
	<b>Service revenue</b>			<b>5,900</b>
<b>g.</b>	<b>Parker, drawing</b>		<b>6,700</b>	
	<b>Cash</b>			<b>6,700</b>

**Reqs. 1 and 2**

<b>ACCOUNT    Cash</b>					<b>ACCOUNT NO.</b>		
<b>DATE</b>	<b>ITEM</b>	<b>JRNL. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>		
					<b>DEBIT</b>	<b>CREDIT</b>	
<b>a.</b>			<b>14,100</b>		<b>14,100</b>		
<b>b.</b>				<b>1,500</b>	<b>12,600</b>		
<b>d.</b>				<b>1,700</b>	<b>10,900</b>		
<b>e.</b>				<b>700</b>	<b>10,200</b>		
<b>g.</b>				<b>6,700</b>	<b>3,500</b>		

<b>ACCOUNT    Accounts receivable</b>					<b>ACCOUNT NO.</b>		
<b>DATE</b>	<b>ITEM</b>	<b>JRNL. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>		
					<b>DEBIT</b>	<b>CREDIT</b>	
<b>f.</b>			<b>5,900</b>		<b>5,900</b>		

<b>ACCOUNT    Office supplies</b>					<b>ACCOUNT NO.</b>		
<b>DATE</b>	<b>ITEM</b>	<b>JRNL. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>		
					<b>DEBIT</b>	<b>CREDIT</b>	
<b>c.</b>			<b>900</b>		<b>900</b>		

<b>ACCOUNT    Office furniture</b>					<b>ACCOUNT NO.</b>		
<b>DATE</b>	<b>ITEM</b>	<b>JRNL. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>		
					<b>DEBIT</b>	<b>CREDIT</b>	
<b>a.</b>			<b>5,200</b>		<b>5,200</b>		



*Reqs. 1 and 2*

ACCOUNT    Accounts payable					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
c.					900		900
e.				700			200

ACCOUNT    Parker, capital					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
a.					19,300		19,300

ACCOUNT    Parker, drawing					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
g.				6,700		6,700	

ACCOUNT    Service revenue					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
f.					5,900		5,900

**Reqs. 1 and 2**

ACCOUNT    Salary expense					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
d.			1,700		1,700	

ACCOUNT    Rent expense					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
b.			1,500		1,500	

**Req. 3**

Teresa Parker, CPA		
Trial Balance		
December 31, 2012		
ACCOUNT	DEBIT	CREDIT
Cash	\$ 3,500	
Accounts receivable	5,900	
Office supplies	900	
Office furniture	5,200	
Accounts payable		\$ 200
Parker, capital		19,300
Parker, drawing	6,700	
Service revenue		5,900
Salary expense	1,700	
Rent expense	1,500	
<b>Total</b>	<b><u>\$25,400</u></b>	<b><u>\$25,400</u></b>

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Aug</b>	<b>1</b>	<b>Cash</b>		<b>48,000</b>	
		<b>Principe, capital</b>			<b>48,000</b>
		<b>Owner's investment</b>			
	<b>2</b>	<b>Supplies</b>		<b>500</b>	
		<b>Accounts payable</b>			<b>500</b>
		<b>Purchased supplies on account.</b>			
	<b>4</b>	<b>Building</b>		<b>47,000</b>	
		<b>Cash</b>			<b>47,000</b>
		<b>Paid cash for a building.</b>			
	<b>6</b>	<b>Cash</b>		<b>4,400</b>	
		<b>Service revenue</b>			<b>4,400</b>
		<b>Performed service for cash.</b>			
	<b>9</b>	<b>Accounts payable</b>		<b>200</b>	
		<b>Cash</b>			<b>200</b>
		<b>Paid cash on account.</b>			
	<b>17</b>	<b>Accounts receivable</b>		<b>2,200</b>	
		<b>Service revenue</b>			<b>2,200</b>
		<b>Performed service on account.</b>			
	<b>23</b>	<b>Cash</b>		<b>1,600</b>	
		<b>Accounts receivable</b>			<b>1,600</b>
		<b>Received cash on account.</b>			
	<b>31</b>	<b>Salary expense</b>		<b>1,900</b>	
		<b>Rent expense</b>		<b>700</b>	
		<b>Cash</b>			<b>2,600</b>
		<b>Paid expenses.</b>			

Req. 1

**Cash**

Aug 1	48,000	Aug 4	47,000
6	4,400	9	200
23	1,600	31	2,600
Aug 31	4,200		

**Accounts receivable**

Aug 17	2,200	Aug 23	1,600
Aug 31	600		

**Supplies**

Aug 2	500		
Aug 31	500		

**Building**

Aug 4	47,000		
Aug 31	47,000		

**Accounts payable**

Aug 9	200	Aug 2	500
		Aug 31	300

**Principle, capital**

		Aug 1	48,000
		Aug 31	48,000

**Service revenue**

	Aug 6	4,400	
	17	2,200	
	Aug 31	6,600	

**Salary expense**

Aug 31	1,900		
Aug 31	1,900		

**Rent expense**

Aug 31	700		
Aug 31	700		

**Req. 2**

<b>Principe Technology Solutions</b>		
<b>Trial Balance</b>		
<b>August 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$4,200	
Accounts receivable	600	
Supplies	500	
Building	47,000	
Accounts payable		\$ 300
Principe, capital		48,000
Service revenue		6,600
Salary expense	1,900	
Rent expense	700	
<b>Total</b>	<b><u>\$54,900</u></b>	<b><u>\$54,900</u></b>

## Req. 1

<b>Atkins Moving Company</b>		
<b>Trial Balance</b>		
<b>August 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 4,000	
Accounts receivable	8,800	
Supplies	300	
Trucks	132,000	
Building	48,000	
Accounts payable		\$ 4,000
Note payable		54,000
Atkins, capital		72,000
Atkins, drawing	5,400	
Service revenue		80,000
Salary expense	7,000	
Fuel expense	3,000	
Insurance expense	600	
Utilities expense	500	
Supplies expense	400	
<b>Total</b>	<b><u>\$210,000</u></b>	<b><u>\$210,000</u></b>

## Req. 1

<b>Joy McDowell Tutoring Service</b>		
<b>Trial Balance</b>		
<b>May 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 3,500*	
Accounts receivable	1,500*	
Supplies	600	
Computer equipment	25,800	
Accounts payable		\$12,700*
McDowell, capital		12,200*
Service revenue		9,800
Salary expense	1,700	
Rent expense	700	
Utilities expense	900*	
<b>Total</b>	<b><u>\$34,700</u></b>	<b><u>\$34,700</u></b>

**\*Calculations:**

Cash:  $\$3,000 + \$500 = \$3,500$

Accounts receivable:  $\$2,000 - \$500 = \$1,500$

Accounts payable:  $\$11,400 + \$900 + \$400 = \$12,700$

McDowell, capital:  $\$11,600 + \$600 = \$12,200$

Utilities expense:  $\$500 + \$400 = \$900$

# Problems

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## Group A

(10-15 min.) P 2-27A

*Req. 1*

*Req. 2*

<b>Account</b>	<b>Account Type</b>	<b>Normal Balance</b>
Cash	Asset	Debit
Supplies	Asset	Debit
Building	Asset	Debit
Accounts payable	Liability	Credit
Notes payable	Liability	Credit
Coughlato, capital	Equity	Credit
Coughlato, drawing	Equity	Debit
Service revenue	Revenue	Credit
Salary expense	Expense	Debit
Rent expense	Expense	Debit
Property tax expense	Expense	Debit



## Req. 1

<b>Journal</b>					
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
Sep	1	Cash		370,000	
		Coughiato, capital			370,000
	2	Building		360,000	
		Cash			360,000
	5	Cash		260,000	
		Note payable			260,000
	10	Supplies		1,400	
		Accounts payable			1,400
	15	Accounts payable		1,200	
		Cash			1,200
	15	Property tax expense		1,500	
		Cash			1,500
	16	Salary expense		2,500	
		Rent expense		1,400	
		Cash			3,900
	28	Coughiato, drawing		7,000	
		Cash			7,000
	30	Cash		21,000	
		Service revenue			21,000

(continued) P 2-28A

Req. 2

<b>Cash</b>			
Sep 1	370,000	Sep 2	360,000
5	260,000	15	1,200
30	21,000	15	1,500
		16	3,900
		28	7,000
Bal	277,400		

<b>Accounts payable</b>			
Sep 15	1,200	Sep 10	1,400
		Bal	200

<b>Notes Payable</b>			
		Sep 5	260,000
		Bal	260,000

<b>Supplies</b>	
Sep 10	1,400
Bal	1,400

<b>Coughiato, capital</b>	
Sep 1	370,000
Bal	370,000

<b>Building</b>	
Sep 2	360,000
Bal	360,000

<b>Service revenue</b>	
Sep 30	21,000
Bal	21,000

<b>Coughiato, drawing</b>	
Sep 28	7,000
Bal	7,000

<b>Salary expense</b>	
Sep 6	2,500
Bal	2,500

<b>Property tax expense</b>	
Sep 15	1,500
Bal	1,500

<b>Rent expense</b>	
Sep 16	1,400
Bal	1,400

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jul</b>	<b>1</b>	<b>Cash</b>		<b>68,000</b>	
		<b>Yung, capital</b>			<b>68,000</b>
	<b>5</b>	<b>Rent expense - equipment</b>		<b>560</b>	
		<b>Cash</b>			<b>560</b>
	<b>9</b>	<b>Land</b>		<b>16,000</b>	
		<b>Cash</b>			<b>16,000</b>
	<b>10</b>	<b>Supplies</b>		<b>1,600</b>	
		<b>Accounts payable</b>			<b>1,600</b>
	<b>19</b>	<b>Cash</b>		<b>23,000</b>	
		<b>Note payable</b>			<b>23,000</b>
	<b>22</b>	<b>Accounts payable</b>		<b>1,300</b>	
		<b>Cash</b>			<b>1,300</b>
	<b>31</b>	<b>Cash</b>		<b>6,500</b>	
		<b>Accounts receivable</b>		<b>5,800</b>	
		<b>Service revenue</b>			<b>12,300</b>
	<b>31</b>	<b>Salary expense</b>		<b>2,500</b>	
		<b>Rent expense - office</b>		<b>1,100</b>	
		<b>Utilities expense</b>		<b>400</b>	
		<b>Cash</b>			<b>4,000</b>
	<b>31</b>	<b>Yung, drawing</b>		<b>7,000</b>	
		<b>Cash</b>			<b>7,000</b>

## Req. 2

Cash				Accounts receivable			
Jul 1	68,000	Jul 5	560	Jul 31	5,800		
19	23,000	9	16,000	Bal	5,800		
31	6,500	22	1,300				
		31	4,000				
		31	7,000				
Bal	68,640						

Supplies			
Jul 10	1,600		
Bal	1,600		

Land				Accounts payable			
Jul 9	16,000			Jul 22	1,300	July 10	1,600
Bal	16,000					Bal	300

Notes payable				Yung, capital			
		Jul 19	23,000		Jul 1	68,000	
		Bal	23,000		Bal	68,000	

Yung, drawing				Service revenue			
Jul 31	7,000				Jul 31	12,300	
Bal	7,000				Bal	12,300	

Rent expense - equipment				Rent expense - office			
Jul 5	560			Jul 31	1,100		
Bal	560			Bal	1,100		

Salary expense				Utility expense			
Jul 31	2,500			Jul 31	400		
Bal	2,500			Bal	400		

## Req. 3

<b>Vernon Yung, M.D.</b>		
<b>Trial Balance</b>		
<b>July 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 68,640	
Accounts receivable	5,800	
Supplies	1,600	
Land	16,000	
Accounts payable		\$ 300
Note payable		23,000
Yung, capital		68,000
Yung, drawing	7,000	
Service revenue		12,300
Salary expense	2,500	
Rent expense - office	1,100	
Rent expense - equipment	560	
Utilities expense	400	
<b>Total</b>	<b><u>\$103,600</u></b>	<b><u>\$103,600</u></b>

## Req. 2

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Sep</b>	<b>1</b>	<b>Cash</b>		<b>42,000</b>	
		<b>Stewart, capital</b>			<b>42,000</b>
	<b>4</b>	<b>Supplies</b>		<b>700</b>	
		<b>Furniture</b>		<b>1,900</b>	
		<b>Accounts payable</b>			<b>2,600</b>
	<b>6</b>	<b>Cash</b>		<b>1,400</b>	
		<b>Service revenue</b>			<b>1,400</b>
	<b>7</b>	<b>Land</b>		<b>24,000</b>	
		<b>Cash</b>			<b>24,000</b>
	<b>10</b>	<b>Accounts receivable</b>		<b>1,000</b>	
		<b>Service revenue</b>			<b>1,000</b>
	<b>14</b>	<b>Accounts payable</b>		<b>1,900</b>	
		<b>Cash</b>			<b>1,900</b>
	<b>15</b>	<b>Salary expense</b>		<b>490</b>	
		<b>Cash</b>			<b>490</b>
	<b>17</b>	<b>Cash</b>		<b>400</b>	
		<b>Accounts receivable</b>			<b>400</b>
	<b>20</b>	<b>Accounts receivable</b>		<b>700</b>	
		<b>Service revenue</b>			<b>700</b>
	<b>28</b>	<b>Cash</b>		<b>2,100</b>	
		<b>Service revenue</b>			<b>2,100</b>

	<b>30</b>	<b>Salary expense</b>		<b>490</b>	
		<b>Cash</b>			<b>490</b>
	<b>30</b>	<b>Rent expense</b>		<b>650</b>	
		<b>Cash</b>			<b>650</b>
	<b>30</b>	<b>Stewart, drawing</b>		<b>3,000</b>	
		<b>Cash</b>			<b>3,000</b>

**Reqs. 1 and 3**

<b>Cash</b>				<b>Accounts receivable</b>	
Sep 1	42,000	Sep. 7	24,000	Sep 10	1,000
6	1,400	14	1,900	Sep 20	700
17	400	15	490	Bal	1,300
28	2,100	30	490		
		30	650		
		30	3,000		
Bal	15,370				

<b>Furniture</b>		<b>Land</b>	
Sep 4	1,900	Sep 7	24,000
Bal	1,900	Bal	24,000

<b>Accounts payable</b>		<b>Stewart, capital</b>	
Sep 14	1,900	Sep. 4	2,600
		Bal	700
		Sep 1	42,000
		Bal	42,000

**Reqs. 1 and 3**

<b>Stewart, drawing</b>		<b>Service revenue</b>	
Sep 30	3,000	Sep 6	1,400
Bal	3,000	10	1,000
		20	700
		28	2,100
		Bal	5,200

<b>Salary expense</b>		<b>Rent expense</b>	
Sep 15	490	Sep 30	650
30	490	Bal	650
Bal	980		

**Req. 4**

<b>Doris Stewart, Designer</b>		
<b>Trial Balance</b>		
<b>September 30, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 15,370	
Accounts receivable	1,300	
Supplies	700	
Furniture	1,900	
Land	24,000	
Accounts payable		\$ 700
Stewart, capital		42,000
Stewart, drawing	3,000	
Service revenue		5,200
Salary expense	980	
Rent expense	650	
<b>Total</b>	<b>\$47,900</b>	<b>\$47,900</b>



## Req. 2

<b>Journal</b>					
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
Sep	2	Cash		39,000	
		Moore, capital			39,000
	3	Supplies		600	
		Furniture		2,000	
		Accounts payable			2,600
	4	Cash		1,300	
		Service revenue			1,300
	7	Land		26,000	
		Cash			26,000
	11	Accounts receivable		700	
		Service revenue			700
	15	Salary expense		590	
		Cash			590
	16	Accounts payable		600	
		Cash			600
	18	Cash		2,400	
		Service revenue			2,400
	19	Accounts receivable		800	
		Service revenue			800
	29	Cash		700	
		Accounts receivable			700

	<b>30</b>	<b>Salary expense</b>		<b>590</b>	
		<b>Cash</b>			<b>590</b>
	<b>30</b>	<b>Rent expense</b>		<b>670</b>	
		<b>Cash</b>			<b>670</b>
	<b>30</b>	<b>Moore, drawing</b>		<b>2,400</b>	
		<b>Cash</b>			<b>2,400</b>

(continued) P2-31A

*Reqs. 1 and 3*

<b>Cash</b>				<b>Accounts receivable</b>			
<b>Sep 2</b>	<b>39,000</b>	<b>Sep 7</b>	<b>26,000</b>	<b>Sep 11</b>	<b>700</b>	<b>Sep 29</b>	<b>700</b>
<b>4</b>	<b>1,300</b>	<b>15</b>	<b>590</b>	<b>19</b>	<b>800</b>		
<b>18</b>	<b>2,400</b>	<b>16</b>	<b>600</b>	<b>Bal</b>	<b>800</b>		
<b>29</b>	<b>700</b>	<b>30</b>	<b>590</b>				
		<b>30</b>	<b>670</b>				
		<b>30</b>	<b>2,400</b>				
<b>Bal</b>	<b>12,550</b>						
<b>Furniture</b>				<b>Supplies</b>			
<b>Sep 3</b>	<b>2,000</b>			<b>Sep 3</b>	<b>600</b>		
<b>Bal</b>	<b>2,000</b>			<b>Bal</b>	<b>600</b>		
<b>Accounts payable</b>				<b>Land</b>			
<b>Sep 16</b>	<b>600</b>	<b>Sep 3</b>	<b>2,600</b>	<b>Sep 7</b>	<b>26,000</b>		
		<b>Bal</b>	<b>2,000</b>	<b>Bal</b>	<b>26,000</b>		
<b>Moore, capital</b>							
						<b>Sep 2</b>	<b>39,000</b>
						<b>Bal</b>	<b>39,000</b>

(continued) P2-31A

Moore, drawing	
Sep 30	2,400
Bal	2,400

Service revenue	
Sep 4	1,300
11	700
18	2,400
19	800
Bal	5,200

Salary expense	
Sep 15	590
30	590
Bal	1,180

Rent expense	
Sep 30	670
Bal	670

Req. 4

Trevor Moore, Attorney		
Trial Balance		
September 30, 2012		
ACCOUNT	DEBIT	CREDIT
Cash	\$ 12,550	
Accounts receivable	800	
Supplies	600	
Furniture	2,000	
Land	26,000	
Accounts payable		\$ 2,000
Moore, capital		39,000
Moore, drawing	2,400	
Service revenue		5,200
Salary expense	1,180	
Rent expense	670	
Total	<u>\$46,200</u>	<u>\$46,200</u>

## Req. 1

<b>Journal</b>					
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
Feb	4	Cash	11	4,000	
		Accounts receivable	12		4,000
		Received cash on account.			
	8	Accounts receivable	12	4,600	
		Service revenue	41		4,600
		Performed services on account.			
	13	Accounts payable	21	2,400	
		Cash	11		2,400
		Paid on account.			
	18	Supplies	13	900	
		Accounts payable	21		900
		Purchased supplies on account.			
	20	Mitchell, drawing	32	2,200	
		Cash	11		2,200
		Owner drawing			
	21	Paid for deck for residence; not a transaction of the business.			
	22	Cash	11	2,300	
		Service revenue	41		2,300
		Performed service for cash.			
	27	Rent expense	52	500	
		Cash	11		500
		Paid rent.			
	29	Salary expense	51	1,600	
		Cash	11		1,600
		Paid employee salary.			

## Req. 2

ACCOUNT Cash					ACCOUNT NO. 11		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal				7,000	
Feb	4			4,000		11,000	
	13				2,400	8,600	
	20				2,200	6,400	
	22			2,300		8,700	
	27				500	8,200	
	29				1,600	6,600	

ACCOUNT Accounts receivable					ACCOUNT NO. 12		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal				10,500	
Feb	4				4,000	6,500	
	8			4,600		11,100	

ACCOUNT Supplies					ACCOUNT NO. 13		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal				600	
Feb	18			900		1,500	

## Req. 2

ACCOUNT		Land				ACCOUNT NO. 14	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal				17,000	

ACCOUNT		Accounts payable				ACCOUNT NO. 21	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal					4,700
Feb	13			2,400			2,300
	18				900		3,200

ACCOUNT		Mitchell, capital				ACCOUNT NO. 31	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jan	31	Bal					30,400

ACCOUNT		Mitchell, drawing				ACCOUNT NO. 32	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	20			2,200		2,200	

Req. 2

ACCOUNT		Service revenue			ACCOUNT NO. 41		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	8				4,600		4,600
	22				2,300		6,900

ACCOUNT		Salary expense			ACCOUNT NO. 51		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	29			1,600		1,600	

ACCOUNT		Rent expense			ACCOUNT NO. 52		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Feb	27			500		500	

## Req. 3

<b>Sam Mitchell, CPA</b>			
<b>Trial Balance</b>			
<b>February 29, 2012</b>			
<b>ACCT. NO.</b>	<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>11</b>	<b>Cash</b>	<b>\$ 6,600</b>	
<b>12</b>	<b>Accounts receivable</b>	<b>11,100</b>	
<b>13</b>	<b>Supplies</b>	<b>1,500</b>	
<b>14</b>	<b>Land</b>	<b>17,000</b>	
<b>21</b>	<b>Accounts payable</b>		<b>\$ 3,200</b>
<b>31</b>	<b>Mitchell, capital</b>		<b>30,400</b>
<b>32</b>	<b>Mitchell, drawing</b>	<b>2,200</b>	
<b>41</b>	<b>Service revenue</b>		<b>6,900</b>
<b>51</b>	<b>Salary expense</b>	<b>1,600</b>	
<b>52</b>	<b>Rent expense</b>	<b>500</b>	
	<b>Total</b>	<b><u>\$ 40,500</u></b>	<b><u>\$ 40,500</u></b>



## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jul</b>	<b>4</b>	<b>Cash</b>		<b>6,000</b>	
		<b>Accounts receivable</b>			<b>6,000</b>
		<b>Received cash on account.</b>			
	<b>7</b>	<b>Accounts receivable</b>		<b>6,600</b>	
		<b>Service revenue</b>			<b>6,600</b>
		<b>Performed services on account.</b>			
	<b>16</b>	<b>Supplies</b>		<b>1,000</b>	
		<b>Accounts payable</b>			<b>1,000</b>
		<b>Purchased supplies on account.</b>			
	<b>19</b>	<b>Silver, drawing</b>		<b>2,300</b>	
		<b>Cash</b>			<b>2,300</b>
		<b>Owner drawing</b>			
	<b>20</b>	<b>Accounts payable</b>		<b>2,500</b>	
		<b>Cash</b>			<b>2,500</b>
		<b>Paid on account.</b>			
	<b>24</b>	<b>Cash</b>		<b>2,200</b>	
		<b>Service revenue</b>			<b>2,200</b>
		<b>Performed service for cash.</b>			
	<b>25</b>	<b>Rent expense</b>		<b>500</b>	
		<b>Cash</b>			<b>500</b>
		<b>Paid rent.</b>			
	<b>31</b>	<b>Salary expense</b>		<b>1,700</b>	
		<b>Cash</b>			<b>1,700</b>
		<b>Paid employee salary.</b>			

## Req. 2

ACCOUNT Cash					ACCOUNT NO. 11		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				7,000	
Jul	4			6,000		13,000	
	19				2,300	10,700	
	20				2,500	8,200	
	24			2,200		10,400	
	25				500	9,900	
	31				1,700	8,200	

ACCOUNT Accounts receivable					ACCOUNT NO. 12		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				8,500	
Jul	4				6,000	2,500	
	7			6,600		9,100	

ACCOUNT Supplies					ACCOUNT NO. 13		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				800	
Jul	16			1,000		1,800	

## Req. 2

ACCOUNT Equipment					ACCOUNT NO. 14		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				13,000	

ACCOUNT Accounts payable					ACCOUNT NO. 21		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal					4,800
Jul	16				1,000		5,800
	20			2,500			3,300

ACCOUNT Silver, capital					ACCOUNT NO. 31		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal					24,500

ACCOUNT Silver, drawing					ACCOUNT NO. 32		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	19			2,300		2,300	

Req. 2

ACCOUNT		Service revenue				ACCOUNT NO. 41	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	7				6,600		6,600
	24				2,200		8,800

ACCOUNT		Salary expense				ACCOUNT NO. 51	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	31			1,700		1,700	

ACCOUNT		Rent expense				ACCOUNT NO. 52	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	25			500		500	

**Req. 3**

<b>Sharon Silver, Registered Dietician</b>			
<b>Trial Balance</b>			
<b>July 31, 2012</b>			
<b>ACCT. NO.</b>	<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>11</b>	<b>Cash</b>	<b>\$ 8,200</b>	
<b>12</b>	<b>Accounts receivable</b>	<b>9,100</b>	
<b>13</b>	<b>Supplies</b>	<b>1,800</b>	
<b>14</b>	<b>Equipment</b>	<b>13,000</b>	
<b>21</b>	<b>Accounts payable</b>		<b>\$ 3,300</b>
<b>31</b>	<b>Silver, capital</b>		<b>24,500</b>
<b>32</b>	<b>Silver, drawing</b>	<b>2,300</b>	
<b>41</b>	<b>Service revenue</b>		<b>8,800</b>
<b>51</b>	<b>Salary expense</b>	<b>1,700</b>	
<b>52</b>	<b>Rent expense</b>	<b>500</b>	
	<b>Total</b>	<b><u>\$36,600</u></b>	<b><u>\$36,600</u></b>

## Req. 2

<b>Journal</b>				
DATE	ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
a.	Cash		48,000	
	Building		30,000	
	Wills, capital			78,000
	Owner investment.			
b.	Office supplies		2,000	
	Accounts payable			2,000
	Purchased supplies on account.			
c.	Office furniture		14,000	
	Cash			14,000
	Purchased furniture.			
d.	Salary expense		2,200	
	Cash			2,200
	Paid salary.			
e.	Accounts receivable		3,700	
	Service revenue			3,700
	Performed service on account.			
f.	Accounts payable		900	
	Cash			900
	Paid on account.			
g.	Advertising expense		600	
	Accounts payable			600
	Received advertising bill.			

## Req. 2

<b>Journal</b>				
<b>DATE</b>	<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>h.</b>	<b>Cash</b>		<b>1,100</b>	
	<b>Service revenue</b>			<b>1,100</b>
	<b>Performed service and received cash.</b>			
<b>i.</b>	<b>Cash</b>		<b>1,100</b>	
	<b>Accounts receivable</b>			<b>1,100</b>
	<b>Collected cash on account.</b>			
<b>j.</b>	<b>Rent expense</b>		<b>1,000</b>	
	<b>Utilities expense</b>		<b>900</b>	
	<b>Cash</b>			<b>1,900</b>
	<b>Paid expenses.</b>			
<b>k.</b>	<b>Wills, drawing</b>		<b>2,300</b>	
	<b>Cash</b>			<b>2,300</b>
	<b>Owner's withdrawal</b>			

## Reqs . 1 and 3

ACCOUNT Cash					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.			48,000		48,000	
c.				14,000	34,000	
d.				2,200	31,800	
f.				900	30,900	
h.			1,100		32,000	
i.			1,100		33,100	
j.				1,900	31,200	
k.				2,300	28,900	

ACCOUNT Accounts receivable					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
e.			3,700		3,700	
i.				1,100	2,600	

ACCOUNT Office supplies					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
b.			2,000		2,000	

ACCOUNT Office furniture					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
c.			14,000		14,000	



## Reqs. 1 and 3

ACCOUNT Building					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.			30,000		30,000	

ACCOUNT Accounts payable					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
b.				2,000		2,000
f.			900			1,100
g.				600		1,700

ACCOUNT Wills, capital					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.				78,000		78,000

ACCOUNT Wills, drawing					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
k.			2,300		2,300	

ACCOUNT Service revenue					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
e.				3,700		3,700
h.				1,100		4,800

**Reqs. 1 and 3**

ACCOUNT Salary expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
d.				2,200		2,200	

ACCOUNT Rent expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
j.				1,000		1,000	

ACCOUNT Advertising expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
g.				600		600	

ACCOUNT Utilities expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
j.				900		900	

## Req. 4

<b>Wills Environmental Consulting Company</b>		
<b>Trial Balance</b>		
<b>February 29, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 28,900	
Accounts receivable	2,600	
Supplies	2,000	
Furniture	14,000	
Building	30,000	
Accounts payable		\$ 1,700
Wills, capital		78,000
Wills, drawing	2,300	
Service revenue		4,800
Salary expense	2,200	
Rent expense	1,000	
Advertising expense	600	
Utilities expense	900	
<b>Total</b>	<b><u>\$84,500</u></b>	<b><u>\$84,500</u></b>

## Req. 1

<b>Smart Tots Child Care</b>		
<b>Trial Balance</b>		
<b>August 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 7,700*	
Accounts receivable	15,000*	
Supplies	1,700*	
Equipment	78,500*	
Accounts payable		\$ 54,000*
Tilley, capital		50,500
Tilley, drawing	2,400	
Service revenue		4,700
Salary expense	3,400*	
Rent expense	500	
<b>Total</b>	<b><u>\$109,200</u></b>	<b><u>\$109,200</u></b>

**\*Calculations:**

- a. Cash:  $\$6,700 + \$1,000 = \$7,700$
- b. Accounts receivable:  $\$7,000 + \$4,000 + \$4,000 = \$15,000$
- c. Supplies:  $\$700 + \$1,000 = \$1,700$
- Accounts payable:  $\$53,000 + \$1,000 = \$54,000$
- d. Equipment:  $\$87,000 - \$8,500 = \$78,500$
- e. Salary expense:  $\$3,600 - \$200 = \$3,400$

## Req. 1

<b>Treasure Hunt Exploration Company</b>		
<b>Trial Balance</b>		
<b>February 29, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 1,300*	
Accounts receivable	6,360*	
Supplies	1,300*	
Exploration equipment	16,490*	
Computers	49,000	
Accounts payable		\$ 3,700*
Note payable		18,500
Jones, capital		50,000
Jones, drawing	4,000	
Service revenue		10,900*
Salary expense	1,400	
Rent expense	1,480*	
Advertising expense	900	
Utilities expense	870*	
<b>Total</b>	<b><u>\$83,100</u></b>	<b><u>\$83,100</u></b>

## \*Calculations:

- a. Cash:  $\$6,300 - \$5,000 = \$1,300$
- b. Rent expense:  $\$800 + \$340 + \$340 = \$1,480$
- c. Service revenue:  $\$4,100 + \$6,800 = \$10,900$
- d. Accounts receivable:  $\$6,000 + (400 - 40 = \$360) = \$6,360$
- e. Utilities expense:  $\$800 + \$70 = \$870$
- f. Supplies:  $\$400 + \$900 = \$1,300$
- Accounts payable:  $\$2,800 + \$900 = \$3,700$
- g. Exploration equipment:  $\$22,300 - \$5,810 = \$16,490$

**Req. 1**

<b>Showtime Amusements Company</b>		
<b>Income Statement</b>		
<b>Month Ended September 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$21,000</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$2,500</b>	
<b>Property tax expense</b>	<b>1,500</b>	
<b>Rent expense</b>	<b><u>1,400</u></b>	
<b>Total expenses</b>		<b><u>5,400</u></b>
<b>Net income</b>		<b><u>\$15,600</u></b>

**Req. 2**

<b>Showtime Amusements Company</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended September 30, 2012</b>	
<b>Cogliato, capital, September 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>370,000</b>
<b>Net income</b>	<b><u>15,600</u></b>
	<b>385,600</b>
<b>Drawing</b>	<b><u>(7,000)</u></b>
<b>Cogliato, capital, September 30, 2012</b>	<b><u>\$378,600</u></b>

Req. 3

<b>Showtime Amusements Company</b>			
<b>Balance Sheet</b>			
<b>September 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$277,400	Accounts payable	\$ 200
Supplies	1,400	Note payable	<u>260,000</u>
Building	360,000	Total liabilities	260,200
		<b>OWNER'S EQUITY</b>	
		Coughliato, capital	<u>378,600</u>
		Total liabilities and	
<b>Total assets</b>	<b><u>\$638,800</u></b>	<b>owner's equity</b>	<b><u>\$638,800</u></b>

**Req. 1**

<b>Vernon Yung, M.D.</b>		
<b>Income Statement</b>		
<b>Month Ended July 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$12,300</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$2,500</b>	
<b>Rent expense - office</b>	<b>1,100</b>	
<b>Rent expense - equipment</b>	<b>560</b>	
<b>Utilities expense</b>	<b><u>400</u></b>	
<b>Total expenses</b>		<b><u>4,560</u></b>
<b>Net income</b>		<b><u>\$7,740</u></b>

**Req. 2**

<b>Vernon Yung, M.D.</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended July 31, 2012</b>	
<b>Yung, capital, July 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>68,000</b>
<b>Net income</b>	<b><u>7,740</u></b>
	<b>75,740</b>
<b>Drawing</b>	<b><u>(7,000)</u></b>
<b>Yung, capital, July 31, 2012</b>	<b><u>\$68,740</u></b>



Req. 3

<b>Vernon Yung, M.D.</b>			
<b>Balance Sheet</b>			
<b>July 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 68,640	Accounts payable	\$ 300
Accounts receivable	5,800	Note payable	<u>23,000</u>
Supplies	1,600	Total liabilities	23,300
Land	16,000	<b>OWNER'S EQUITY</b>	
		Yung, capital	<u>68,740</u>
		Total liabilities and	
<b>Total assets</b>	<b><u>\$ 92,040</u></b>	<b>owner's equity</b>	<b><u>\$ 92,040</u></b>

**Req. 1**

<b>Doris Stewart, Designer</b>		
<b>Income Statement</b>		
<b>Month Ended September 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b><u>\$ 5,200</u></b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$ 980</b>	
<b>Rent expense</b>	<b><u>650</u></b>	
<b>Total expenses</b>		<b><u>1,630</u></b>
<b>Net income</b>		<b><u>\$3,570</u></b>

**Req. 2**

<b>Doris Stewart, Designer</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended September 30, 2012</b>	
<b>Stewart, capital, September 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>42,000</b>
<b>Net income</b>	<b><u>3,570</u></b>
	<b>45,570</b>
<b>Drawing</b>	<b><u>(3,000)</u></b>
<b>Stewart, capital, September 30, 2012</b>	<b><u>\$42,570</u></b>

Req. 3

<b>Doris Stewart, Designer</b>			
<b>Balance Sheet</b>			
<b>September 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 15,370	Accounts payable	\$ 700
Accounts receivable	1,300		
Supplies	700	<b>OWNER'S EQUITY</b>	
Furniture	1,900		
Land	24,000	Stewart, capital	<u>42,570</u>
		Total liabilities and	
Total assets	<u>\$ 43,270</u>	owner's equity	<u>\$43,270</u>

**Req. 1**

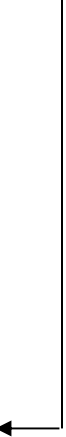
<b>Trevor Moore, Attorney</b>		
<b>Income Statement</b>		
<b>Month Ended September 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 5,200</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,180</b>	
<b>Rent expense</b>	<b>670</b>	
<b>Total expenses</b>		<b><u>1,850</u></b>
<b>Net income</b>		<b><u>\$ 3,350</u></b>

**Req. 2**

<b>Trevor Moore, Attorney</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended September 30, 2012</b>	
<b>Moore, capital, September 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>39,000</b>
<b>Net income</b>	<b><u>3,350</u></b>
	<b>42,350</b>
<b>Drawing</b>	<b><u>(2,400)</u></b>
<b>Moore, capital, September 30, 2012</b>	<b><u>\$39,950</u></b>

Req. 3

<b>Trevor Moore, Attorney</b>			
<b>Balance Sheet</b>			
<b>September 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 12,550	Accounts payable	\$ 2,000
Accounts receivable	800		
Supplies	600	<b>OWNER'S EQUITY</b>	
Furniture	2,000		
Land	26,000	Moore, capital	<u>39,950</u>
		Total liabilities and	
Total assets	<u>\$ 41,950</u>	owner's equity	<u>\$ 41,950</u>



**Req. 1**

<b>Sam Mitchell, CPA</b>		
<b>Income Statement</b>		
<b>Month Ended February 29, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 6,900</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,600</b>	
<b>Rent expense</b>	<b>500</b>	
<b>Total expenses</b>		<b><u>2,100</u></b>
<b>Net income</b>		<b><u>\$ 4,800</u></b>

**Req. 2**

<b>Sam Mitchell, CPA</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended February 29, 2012</b>	
<b>Mitchell, capital, February 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>30,400</b>
<b>Net income</b>	<b><u>4,800</u></b>
	<b>35,200</b>
<b>Drawing</b>	<b><u>(2,200)</u></b>
<b>Mitchell, capital, February 29, 2012</b>	<b><u>\$ 33,000</u></b>

Req. 3

<b>Sam Mitchell, CPA</b>			
<b>Balance Sheet</b>			
<b>February 29, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 6,600	Accounts payable	\$ 3,200
Accounts receivable	11,100		
Supplies	1,500	<b>OWNER'S EQUITY</b>	
Land	17,000		
		Mitchell, capital	<u>33,000</u>
		Total liabilities and	
Total assets	<u>\$ 36,200</u>	owner's equity	<u>\$ 36,200</u>

**Req. 1**

<b>Sharon Silver, Registered Dietician</b>		
<b>Income Statement</b>		
<b>Month Ended July 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 8,800</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,700</b>	
<b>Rent expense</b>	<b>500</b>	
<b>Total expenses</b>		<b><u>2,200</u></b>
<b>Net income</b>		<b><u>\$ 6,600</u></b>

**Req. 2**

<b>Sharon Silver, Registered Dietician</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended July 31, 2012</b>	
<b>Silver, capital, July 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>24,500</b>
<b>Net income</b>	<b><u>6,600</u></b>
	<b>31,100</b>
<b>Drawing</b>	<b><u>(2,300)</u></b>
<b>Silver, capital, July 31, 2012</b>	<b><u>\$28,800</u></b>



Req. 3

<b>Sharon Silver, Registered Dietician</b>			
<b>Balance Sheet</b>			
<b>July 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 8,200	Accounts payable	\$ 3,300
Accounts receivable	9,100		
Supplies	1,800	<b>OWNER'S EQUITY</b>	
Equipment	13,000	Silver, capital,	<u>28,800</u>
		Total liabilities and	
<b>Total assets</b>	<u><b>\$ 32,100</b></u>	<b>owner's equity</b>	<u><b>\$ 32,100</b></u>

**Req. 1**

<b>Wills Environmental Consulting Company</b>		
<b>Income Statement</b>		
<b>Month Ended February 29, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 4,800</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$ 2,200</b>	
<b>Rent expense</b>	<b>1,000</b>	
<b>Utilities expense</b>	<b>900</b>	
<b>Advertising expense</b>	<b>600</b>	
<b>Total expenses</b>		<b><u>4,700</u></b>
<b>Net income</b>		<b><u>\$ 100</u></b>

**Req. 2**

<b>Wills Environmental Consulting Company</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended February 29, 2012</b>	
<b>Wills, capital, February 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>78,000</b>
<b>Net income</b>	<b><u>100</u></b>
	<b>78,100</b>
<b>Drawing</b>	<b><u>(2,300)</u></b>
<b>Wills, capital, February 29, 2012</b>	<b><u>\$ 75,800</u></b>

**Req. 3**

<b>Wills Environmental Consulting Company</b>			
<b>Balance Sheet</b>			
<b>February 29, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$28,900	Accounts payable	\$ 1,700
Accounts receivable	2,600		
Office supplies	2,000	<b>OWNER'S EQUITY</b>	
Office furniture	14,000		
Building	30,000	Wills, capital	75,800
		Total liabilities and	
Total assets	<u>\$77,500</u>	owner's equity	<u>\$ 77,500</u>

# Problems

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## Group B

(10-15 min.) P 2-44B

*Reqs. 1 and 2*

<b>Account</b>	<b>Account Type</b>	<b>Normal balance</b>
<b>Cash</b>	<b>Asset</b>	<b>Debit</b>
<b>Supplies</b>	<b>Asset</b>	<b>Debit</b>
<b>Building</b>	<b>Asset</b>	<b>Debit</b>
<b>Accounts payable</b>	<b>Liability</b>	<b>Credit</b>
<b>Note payable</b>	<b>Liability</b>	<b>Credit</b>
<b>Smith, capital</b>	<b>Equity</b>	<b>Credit</b>
<b>Smith, drawing</b>	<b>Equity</b>	<b>Debit</b>
<b>Service revenue</b>	<b>Revenue</b>	<b>Credit</b>
<b>Salary expense</b>	<b>Expense</b>	<b>Debit</b>
<b>Rent expense</b>	<b>Expense</b>	<b>Debit</b>
<b>Property tax expense</b>	<b>Expense</b>	<b>Debit</b>

**Req. 1**

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Aug</b>	<b>1</b>	<b>Cash</b>		<b>400,000</b>	
		<b>Smith, capital</b>			<b>400,000</b>
	<b>2</b>	<b>Building</b>		<b>350,000</b>	
		<b>Cash</b>			<b>350,000</b>
	<b>5</b>	<b>Cash</b>		<b>200,000</b>	
		<b>Notes payable</b>			<b>200,000</b>
	<b>10</b>	<b>Supplies</b>		<b>1,300</b>	
		<b>Accounts payable</b>			<b>1,300</b>
	<b>15</b>	<b>Accounts payable</b>		<b>1,000</b>	
		<b>Cash</b>			<b>1,000</b>
	<b>15</b>	<b>Property tax expense</b>		<b>1,200</b>	
		<b>Cash</b>			<b>1,200</b>
	<b>16</b>	<b>Salary expense</b>		<b>2,700</b>	
		<b>Rent expense</b>		<b>1,700</b>	
		<b>Cash</b>			<b>4,400</b>
	<b>28</b>	<b>Smith, drawing</b>		<b>8,000</b>	
		<b>Cash</b>			<b>8,000</b>
	<b>31</b>	<b>Cash</b>		<b>25,000</b>	
		<b>Service revenue</b>			<b>25,000</b>

## Req. 2

Cash		Accounts payable	
Aug 1	400,000	Aug 2	350,000
5	200,000	15	1,000
31	25,000	15	1,200
		16	4,400
		28	8,000
Bal	260,400		

Supplies		Smith, capital	
Aug 10	1,300	Aug 1	400,000
Bal	1,300	Bal	400,000

Building		Notes payable	
Aug 2	350,000	Aug 5	200,000
Bal	350,000	Bal	200,000

Smith, drawing		Service revenue	
Aug 28	8,000	Aug 31	25,000
Bal	8,000	Bal	25,000

Property tax expense		Salary expense	
Aug 15	1,200	Aug 16	2,700
Bal	1,200	Bal	2,700

Rent expense	
Aug 16	1,700
Bal	1,700

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Mar</b>	<b>1</b>	<b>Cash</b>		<b>74,000</b>	
		<b>Rockford, capital</b>			<b>74,000</b>
	<b>5</b>	<b>Rent expense</b>		<b>560</b>	
		<b>Cash</b>			<b>560</b>
	<b>9</b>	<b>Land</b>		<b>24,000</b>	
		<b>Cash</b>			<b>24,000</b>
	<b>10</b>	<b>Supplies</b>		<b>1,300</b>	
		<b>Accounts payable</b>			<b>1,300</b>
	<b>19</b>	<b>Cash</b>		<b>19,000</b>	
		<b>Note payable</b>			<b>19,000</b>
	<b>22</b>	<b>Accounts payable</b>		<b>900</b>	
		<b>Cash</b>			<b>900</b>
	<b>31</b>	<b>Cash</b>		<b>7,100</b>	
		<b>Accounts receivable</b>		<b>4,700</b>	
		<b>Service revenue</b>			<b>11,800</b>
	<b>31</b>	<b>Salary expense</b>		<b>2,000</b>	
		<b>Rent expense</b>		<b>1,600</b>	
		<b>Utilities expense</b>		<b>320</b>	
		<b>Cash</b>			<b>3,920</b>
	<b>31</b>	<b>Rockford, drawing</b>		<b>8,000</b>	
		<b>Cash</b>			<b>8,000</b>

## Req. 2

**Cash**

Mar 1	74,000	Mar 5	560
19	19,000	9	24,000
31	7,100	22	900
		31	3,920
		31	8,000
Bal	62,720		

**Accounts receivable**

Mar 31	4,700
Bal	4,700

**Supplies**

Mar 10	1,300
Bal	1,300

**Land**

Mar 9	24,000
Bal	24,000

**Accounts payable**

Mar 22	900	Mar 10	1,300
		Bal	400

**Notes payable**

	Mar 19	19,000
	Bal	19,000

**Rockford, capital**

	Mar 1	74,000
	Bal	74,000

**Rockford, drawing**

Mar 31	8,000
Bal	8,000

**Service revenue**

	Mar 31	11,800
	Bal	11,800

**Salary expense**

Mar 31	2,000
Bal	2,000

**Rent expense**

Mar 5	560
31	1,600
Bal	2,160

**Utility expense**

Mar 31	320
Bal	320



## Req. 3

<b>Vince Rockford, M.D.</b>		
<b>Trial Balance</b>		
<b>March 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 62,720	
Accounts receivable	4,700	
Supplies	1,300	
Land	24,000	
Accounts payable		\$ 400
Note payable		19,000
Rockford, capital		74,000
Rockford, drawing	8,000	
Service revenue		11,800
Salary expense	2,000	
Rent expense	2,160	
Utilities expense	320	
<b>Total</b>	<b><u>\$105,200</u></b>	<b><u>\$105,200</u></b>

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Nov</b>	<b>1</b>	<b>Cash</b>		<b>34,000</b>	
		<b>Yung, capital</b>			<b>34,000</b>
	<b>4</b>	<b>Supplies</b>		<b>500</b>	
		<b>Furniture</b>		<b>1,900</b>	
		<b>Accounts payable</b>			<b>2,400</b>
	<b>6</b>	<b>Cash</b>		<b>1,200</b>	
		<b>Service revenue</b>			<b>1,200</b>
	<b>7</b>	<b>Land</b>		<b>25,000</b>	
		<b>Cash</b>			<b>25,000</b>
	<b>10</b>	<b>Accounts receivable</b>		<b>1,200</b>	
		<b>Service revenue</b>			<b>1,200</b>
	<b>14</b>	<b>Accounts payable</b>		<b>1,900</b>	
		<b>Cash</b>			<b>1,900</b>
	<b>15</b>	<b>Salary expense</b>		<b>540</b>	
		<b>Cash</b>			<b>540</b>
	<b>17</b>	<b>Cash</b>		<b>500</b>	
		<b>Accounts receivable</b>			<b>500</b>
	<b>20</b>	<b>Accounts receivable</b>		<b>800</b>	
		<b>Service revenue</b>			<b>800</b>
	<b>28</b>	<b>Cash</b>		<b>2,200</b>	
		<b>Service revenue</b>			<b>2,200</b>

(continued) P 2-47B

	<b>30</b>	<b>Salary expense</b>		<b>540</b>	
		<b>Cash</b>			<b>540</b>
	<b>30</b>	<b>Rent expense</b>		<b>830</b>	
		<b>Cash</b>			<b>830</b>
	<b>30</b>	<b>Yung, drawing</b>		<b>2,700</b>	
		<b>Cash</b>			<b>2,700</b>

**Req. 2**

<b>Cash</b>				<b>Accounts receivable</b>			
<b>Nov 1</b>	<b>34,000</b>	<b>Nov 7</b>	<b>25,000</b>	<b>Nov 10</b>	<b>1,200</b>	<b>Nov 17</b>	<b>500</b>
	<b>6 1,200</b>		<b>14 1,900</b>		<b>20 800</b>		
	<b>17 500</b>		<b>15 540</b>	<b>Bal</b>	<b>1,500</b>		
	<b>28 2,200</b>		<b>30 540</b>				
			<b>30 830</b>				
			<b>30 2,700</b>				
<b>Bal</b>	<b>6,390</b>						
<b>Furniture</b>				<b>Supplies</b>			
<b>Nov 4</b>	<b>1,900</b>			<b>Nov 4</b>	<b>500</b>		
<b>Bal</b>	<b>1,900</b>			<b>Bal</b>	<b>500</b>		
<b>Accounts payable</b>				<b>Land</b>			
<b>Nov 14</b>	<b>1,900</b>	<b>Nov 4</b>	<b>2,400</b>	<b>Nov 7</b>	<b>25,000</b>		
		<b>Bal</b>	<b>500</b>	<b>Bal</b>	<b>25,000</b>		
<b>Yung, capital</b>				<b>Yung, capital</b>			
						<b>Nov 1</b>	<b>34,000</b>
						<b>Bal</b>	<b>34,000</b>

## Req. 2

Yung, drawing		Service revenue	
Nov 30	2,700	Nov 6	1,200
Bal	2,700	10	1,200
		20	800
		28	2,200
		Bal	5,400

Salary expense		Rent expense	
Nov 15	540	Nov 30	830
30	540	Bal	830
Bal	1,080		

## Req. 3

Beth Yung, Designer		
Trial Balance		
November 30, 2012		
ACCOUNT	DEBIT	CREDIT
Cash	\$ 6,390	
Accounts receivable	1,500	
Supplies	500	
Furniture	1,900	
Land	25,000	
Accounts payable		\$ 500
Yung, capital		34,000
Yung, drawing	2,700	
Service revenue		5,400
Salary expense	1,080	
Rent expense	830	
<b>Total</b>	<b>\$ 39,900</b>	<b>\$ 39,900</b>

## Req. 1

<b>Journal</b>					
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
<b>Apr</b>	<b>2</b>	<b>Cash</b>		<b>32,000</b>	
		<b>Smith, capital</b>			<b>32,000</b>
	<b>3</b>	<b>Supplies</b>		<b>500</b>	
		<b>Furniture</b>		<b>2,000</b>	
		<b>Accounts payable</b>			<b>2,500</b>
	<b>4</b>	<b>Cash</b>		<b>1,900</b>	
		<b>Service revenue</b>			<b>1,900</b>
	<b>7</b>	<b>Land</b>		<b>24,000</b>	
		<b>Cash</b>			<b>24,000</b>
	<b>11</b>	<b>Accounts receivable</b>		<b>1,100</b>	
		<b>Service revenue</b>			<b>1,100</b>
	<b>15</b>	<b>Salary expense</b>		<b>460</b>	
		<b>Cash</b>			<b>460</b>
	<b>16</b>	<b>Accounts payable</b>		<b>500</b>	
		<b>Cash</b>			<b>500</b>
	<b>18</b>	<b>Cash</b>		<b>1,700</b>	
		<b>Service revenue</b>			<b>1,700</b>
	<b>19</b>	<b>Accounts receivable</b>		<b>700</b>	
		<b>Service revenue</b>			<b>700</b>
	<b>29</b>	<b>Cash</b>		<b>800</b>	
		<b>Accounts receivable</b>			<b>800</b>

	30	Salary expense		460	
		Cash			460
	30	Rent expense		730	
		Cash			730
	30	Smith, drawing		2,700	
		Cash			2,700

(continued) P 2-48B

Req. 2

Cash				Accounts receivable			
Apr 2	32,000	Apr 7	24,000	Apr 11	1,100	Apr 29	800
4	1,900	15	460	19	700		
18	1,700	16	500	Bal	1,000		
29	800	30	460				
		30	730				
		30	2,700				
Bal	7,550						

Supplies			
Apr 3	500		
Bal	500		

Furniture		Land	
Apr 3	2,000	Apr 7	24,000
Bal	2,000	Bal	24,000

Accounts payable				Smith, capital			
Apr. 16	500	Apr 3	2,500			Apr 2	32,000
		Bal	2,000			Bal	32,000

## Req. 2

Smith, drawing		Service revenue	
Apr 30	2,700	Apr 4	1,900
Bal	2,700	11	1,100
		18	1,700
		19	700
		Bal	5,400

Salary expense		Rent expense	
Apr 15	460	Apr 30	730
30	460	Bal	730
Bal	920		

## Req. 3

Vince Smith, Attorney		
Trial Balance		
April 30, 2012		
ACCOUNT	DEBIT	CREDIT
Cash	\$ 7,550	
Accounts receivable	1,000	
Supplies	500	
Furniture	2,000	
Land	24,000	
Accounts payable		\$ 2,000
Smith, capital		32,000
Smith, drawing	2,700	
Service revenue		5,400
Salary expense	920	
Rent expense	730	
<b>Total</b>	<b>\$ 39,400</b>	<b>\$ 39,400</b>

## Req. 1

<b>Journal</b>					Page 3
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
Apr	4	Cash		7,000	
		Accounts receivable			7,000
		Received cash on account.			
	8	Accounts receivable		5,000	
		Service revenue			5,000
		Performed services on account.			
	13	Accounts payable		2,500	
		Cash			2,500
		Paid on account.			
	18	Supplies		600	
		Accounts payable			600
		Purchased supplies on account.			
	20	Hilton, drawing		2,300	
		Cash			2,300
		Owner drawing			
	21	Not a transaction of the business			
	22	Cash		2,100	
		Service revenue			2,100
		Performed service for cash.			
	27	Rent expense		300	
		Cash			300
		Paid rent.			
	28	Salary expense		1,300	
		Cash			1,300
		Paid employee salary.			



## Req. 2

ACCOUNT Cash					ACCOUNT NO. 11		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal				5,000	
Apr	4			7,000		12,000	
	13				2,500	9,500	
	20				2,300	7,200	
	22			2,100		9,300	
	27				300	9,000	
	29				1,300	7,700	

ACCOUNT Accounts receivable					ACCOUNT NO. 12		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal				8,100	
Apr	4				7,000	1,100	
	8			5,000		6,100	

ACCOUNT Supplies					ACCOUNT NO. 13		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal				800	
Apr	18			600		1,400	

## Req. 2

ACCOUNT		Land				ACCOUNT NO. 14	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal				14,000	

ACCOUNT		Accounts payable				ACCOUNT NO. 21	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal					4,200
Apr	13			2,500			1,700
	18				600		2,300

ACCOUNT		Hilton, capital				ACCOUNT NO. 31	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Mar	31	Bal					23,700

ACCOUNT		Hilton, drawing				ACCOUNT NO. 32	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Apr	20			2,300		2,300	

Req. 2

ACCOUNT		Service revenue			ACCOUNT NO. 41		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Apr	8				5,000		5,000
	22				2,100		7,100

ACCOUNT		Salary expense			ACCOUNT NO. 51		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Apr	28			1,300		1,300	

ACCOUNT		Rent expense			ACCOUNT NO. 52		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Apr	27			300		300	

## Req. 3

<b>John Hilton, CPA</b>			
<b>Trial Balance</b>			
<b>March 31, 2012</b>			
<b>Account No.</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>
<b>11</b>	<b>Cash</b>	<b>\$ 7,700</b>	
<b>12</b>	<b>Accounts receivable</b>	<b>6,100</b>	
<b>13</b>	<b>Supplies</b>	<b>1,400</b>	
<b>14</b>	<b>Land</b>	<b>14,000</b>	
<b>21</b>	<b>Accounts payable</b>		<b>\$ 2,300</b>
<b>31</b>	<b>Hilton, capital</b>		<b>23,700</b>
<b>32</b>	<b>Hilton, drawing</b>	<b>2,300</b>	
<b>41</b>	<b>Service revenue</b>		<b>7,100</b>
<b>51</b>	<b>Salary expense</b>	<b>1,300</b>	
<b>52</b>	<b>Rent expense</b>	<b>300</b>	
	<b>Total</b>	<b><u>\$33,100</u></b>	<b><u>\$33,100</u></b>

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Jul</b>	<b>4</b>	<b>Cash</b>		<b>7,000</b>	
		<b>    Accounts receivable</b>			<b>7,000</b>
		<b>Received cash on account.</b>			
	<b>7</b>	<b>Accounts receivable</b>		<b>4,900</b>	
		<b>    Service revenue</b>			<b>4,900</b>
		<b>Performed services on account.</b>			
	<b>16</b>	<b>Supplies</b>		<b>800</b>	
		<b>    Accounts payable</b>			<b>800</b>
		<b>Purchased supplies on account.</b>			
	<b>19</b>	<b>Peters, drawing</b>		<b>2,200</b>	
		<b>    Cash</b>			<b>2,200</b>
		<b>Owner drawing</b>			
	<b>20</b>	<b>Accounts payable</b>		<b>2,300</b>	
		<b>    Cash</b>			<b>2,300</b>
		<b>Paid on account.</b>			
	<b>24</b>	<b>Cash</b>		<b>2,100</b>	
		<b>    Service revenue</b>			<b>2,100</b>
		<b>Performed service for cash.</b>			
	<b>25</b>	<b>Rent expense</b>		<b>300</b>	
		<b>    Cash</b>			<b>300</b>
		<b>Paid rent.</b>			
	<b>31</b>	<b>Salary expense</b>		<b>1,500</b>	
		<b>    Cash</b>			<b>1,500</b>
		<b>Paid employee salary.</b>			

## Req. 2

ACCOUNT Cash					ACCOUNT NO. 11		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				4,000	
Jul	4			7,000		11,000	
	19				2,200	8,800	
	20				2,300	6,500	
	24			2,100		8,600	
	25				300	8,300	
	31				1,500	6,800	

ACCOUNT Accounts receivable					ACCOUNT NO. 12		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				7,600	
Jul	4				7,000	600	
	7			4,900		5,500	

ACCOUNT Supplies					ACCOUNT NO. 13		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				600	
Jul	16			800		1,400	

## Req. 2

ACCOUNT Equipment					ACCOUNT NO. 14		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal				16,000	

ACCOUNT Accounts payable					ACCOUNT NO. 21		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal					5,200
Jul	16				800		6,000
	20			2,300			3,700

ACCOUNT Peters, capital					ACCOUNT NO. 31		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jun	30	Bal					23,000

ACCOUNT Peters, drawing					ACCOUNT NO. 32		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	19			2,200		2,200	

Req. 2

ACCOUNT		Service revenue				ACCOUNT NO. 41	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	7				4,900		4,900
	24				2,100		7,000

ACCOUNT		Salary expense				ACCOUNT NO. 51	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	31			1,500		1,500	

ACCOUNT		Rent expense				ACCOUNT NO. 52	
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul	25			300		300	



**Req. 3**

<b>Shermana Peters, Registered Dietician</b>			
<b>Trial Balance</b>			
<b>July 31, 2012</b>			
<b>Account No.</b>	<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>11</b>	<b>Cash</b>	<b>\$ 6,800</b>	
<b>12</b>	<b>Accounts receivable</b>	<b>5,500</b>	
<b>13</b>	<b>Supplies</b>	<b>1,400</b>	
<b>14</b>	<b>Equipment</b>	<b>16,000</b>	
<b>21</b>	<b>Accounts payable</b>		<b>\$ 3,700</b>
<b>31</b>	<b>Peters, capital</b>		<b>23,000</b>
<b>32</b>	<b>Peters, drawing</b>	<b>2,200</b>	
<b>41</b>	<b>Service revenue</b>		<b>7,000</b>
<b>51</b>	<b>Salary expense</b>	<b>1,500</b>	
<b>52</b>	<b>Rent expense</b>	<b>300</b>	
	<b>Total</b>	<b><u>\$33,700</u></b>	<b><u>\$33,700</u></b>

## Req. 2

<b>Journal</b>				
DATE	ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
a.	Cash		40,000	
	Building		26,000	
	Stubbs, capital			66,000
	Owner investment.			
b.	Office supplies		2,400	
	Accounts payable			2,400
	Purchased supplies on account.			
c.	Office furniture		18,000	
	Cash			18,000
	Purchased furniture for cash.			
d.	Salary expense		1,900	
	Cash			1,900
	Paid salary.			
e.	Accounts receivable		3,600	
	Service revenue			3,600
	Performed service on account.			
f.	Accounts payable		500	
	Cash			500
	Paid on account.			
g.	Advertising expense		300	
	Accounts payable			300
	Received advertising bill.			

## Req. 2 (continued)

<b>Journal</b>				
DATE	ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
<b>h.</b>	<b>Cash</b>		<b>800</b>	
	<b>Service revenue</b>			<b>800</b>
	<b>Performed service and received cash.</b>			
<b>i.</b>	<b>Cash</b>		<b>1,400</b>	
	<b>Accounts receivable</b>			<b>1,400</b>
	<b>Collected cash on account.</b>			
<b>j.</b>	<b>Rent expense</b>		<b>700</b>	
	<b>Utilities expense</b>		<b>500</b>	
	<b>Cash</b>			<b>1,200</b>
	<b>Paid expenses.</b>			
<b>k.</b>	<b>Stubbs, drawing</b>		<b>2,400</b>	
	<b>Cash</b>			<b>2,400</b>
	<b>Owner drawing</b>			

## Reqs. 1 and 3

ACCOUNT Cash					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.			40,000		40,000	
c.				18,000	22,000	
d.				1,900	20,100	
f.				500	19,600	
h.			800		20,400	
i.			1,400		21,800	
j.				1,200	20,600	
k.				2,400	18,200	

ACCOUNT Accounts receivable					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
e.			3,600		3,600	
i.				1,400	2,200	

ACCOUNT Office supplies					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
b.			2,400		2,400	

ACCOUNT Office furniture					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
c.			18,000		18,000	

*Reqs. 1 and 3*

ACCOUNT Building					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.			26,000		26,000	

ACCOUNT Accounts payable					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
b.				2,400		2,400
f.			500			1,900
g.				300		2,200

ACCOUNT Stubbs, capital					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
a.				66,000		66,000

ACCOUNT Stubbs, drawing					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
k.			2,400		2,400	

ACCOUNT Service revenue					ACCOUNT NO.	
DATE	ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
e.				3,600		3,600
h.				800		4,400

*Resq. 1 and 3*

ACCOUNT    Salary expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
d.				1,900		1,900	

ACCOUNT    Rent expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
j.				700		700	

ACCOUNT    Advertising expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
g.				300		300	

ACCOUNT    Utilities expense					ACCOUNT NO.		
DATE		ITEM	JRNL. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
j.				500		500	

## Req. 4

<b>Stubbs Environmental Consulting Company</b>		
<b>Trial Balance</b>		
<b>October 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 18,200	
Accounts receivable	2,200	
Office supplies	2,400	
Office furniture	18,000	
Building	26,000	
Accounts payable		\$ 2,200
Stubbs, capital		66,000
Stubbs, drawing	2,400	
Service revenue		4,400
Salary expense	1,900	
Rent expense	700	
Advertising expense	300	
Utilities expense	500	
<b>Total</b>	<b><u>\$72,600</u></b>	<b><u>\$72,600</u></b>

## Req. 1

<b>Building Blocks Child Care</b>		
<b>Trial Balance</b>		
<b>May 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 10,300*	
Accounts receivable	7,000*	
Supplies	1,900*	
Equipment	87,700*	
Accounts payable		\$ 58,200*
Estella, capital		50,400
Estella, drawing	2,600	
Service revenue		4,700
Salary expense	3,100*	
Rent expense	700	
<b>Total</b>	<b><u>\$113,300</u></b>	<b><u>\$113,300</u></b>

**\*Calculations:**

- a. Cash:  $\$6,300 + \$4,000 = \$10,300$
- b. Accounts receivable:  $\$3,000 + \$2,000 + \$2,000 = \$7,000$
- c. Supplies:  $\$700 + \$1,200 = \$1,900$
- Accounts payable:  $\$57,000 + \$1,200 = \$58,200$
- d. Equipment:  $\$88,000 - \$10,800 = \$87,700$
- e. Salary expense:  $\$3,200 - \$100 = \$3,100$



## Req. 1

<b>Treasure Hunt Exploration Company</b>		
<b>Trial Balance</b>		
<b>July 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 5,600*	
Accounts receivable	9,450*	
Supplies	800*	
Exploration equipment	17,160*	
Computers	46,000	
Accounts payable		\$ 3,500*
Note payable		18,900
Indiana, capital		50,100
Indiana, drawing	1,000	
Service revenue		10,900*
Salary expense	1,800	
Rent expense	700*	
Advertising expense	100	
Utilities expense	790*	
<b>Total</b>	<b><u>\$83,400</u></b>	<b><u>\$83,400</u></b>

**\*Calculations:**

- a. Cash:  $\$6,600 - \$1,000 = \$5,600$
- b. Rent expense:  $\$100 + \$300 + \$300 = \$700$
- c. Service revenue:  $\$4,900 + \$6,000 = \$10,900$
- d. Accounts receivable:  $\$9,000 + \$450 = \$9,450$
- e. Utilities expense:  $\$700 + \$90 = \$790$
- f. Supplies:  $\$200 + \$600 = \$800$
- Accounts payable:  $\$2,900 + \$600 = \$3,500$
- g. Exploration equipment:  $\$22,600 - \$5,440 = \$17,160$

**Req. 1**

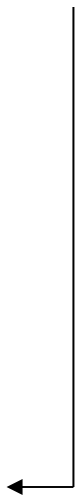
<b>Party Time Amusements Company</b>		
<b>Income Statement</b>		
<b>Month Ended August 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 25,000</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$ 2,700</b>	
<b>Rent expense</b>	<b>1,700</b>	
<b>Property tax expense</b>	<b><u>1,200</u></b>	
<b>Total expenses</b>		<b><u>5,600</u></b>
<b>Net income</b>		<b><u>\$19,400</u></b>

**Req. 2**

<b>Party Time Amusements Company</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended August 31, 2012</b>	
<b>Smith, capital, August 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>400,000</b>
<b>Net income</b>	<b><u>19,400</u></b>
	<b>419,400</b>
<b>Drawing</b>	<b><u>(8,000)</u></b>
<b>Smith, capital, August 31, 2012</b>	<b><u>\$411,400</u></b>

Req. 3

<b>Party Time Amusements Company</b>			
<b>Balance Sheet</b>			
<b>August 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$260,300	Accounts payable	\$ 200
Supplies	1,300	Notes payable	<u>200,000</u>
Building	350,000	Total liabilities	200,200
		<b>OWNER'S EQUITY</b>	
		Smith, capital	<u>411,400</u>
		Total liabilities and	
<b>Total assets</b>	<b><u>\$611,600</u></b>	<b>owner's equity</b>	<b><u>\$611,600</u></b>



**Req. 1**

<b>Vince Rockford, M.D.</b>		
<b>Income Statement</b>		
<b>Month Ended March 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 11,800</b>
<b>Expenses:</b>		
<b>Rent expense</b>	<b>\$2,160</b>	
<b>Salary expense</b>	<b>2,000</b>	
<b>Utilities expense</b>	<b><u>320</u></b>	
<b>Total expenses</b>		<b><u>4,480</u></b>
<b>Net income</b>		<b><u>\$7,320</u></b>

**Req. 2**

<b>Vince Rockford, M.D.</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended March 31, 2012</b>	
<b>Rockford capital, March 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>74,000</b>
<b>Net income</b>	<b><u>7,320</u></b>
	<b>81,320</b>
<b>Drawing</b>	<b><u>(8,000)</u></b>
<b>Rockford capital, March 31, 2012</b>	<b><u>\$ 73,320</u></b>

Req. 3

<b>Vince Rockford, M.D.</b>			
<b>Balance Sheet</b>			
<b>March 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 62,720	Accounts payable	\$ 400
Accounts receivable	4,700	Notes payable	<u>19,000</u>
Supplies	1,300	Total liabilities	19,400
Land	24,000		
		<b>OWNER'S EQUITY</b>	
		Rockford, capital	<u>73,320</u>
		Total liabilities and	
<b>Total assets</b>	<u>\$ 92,720</u>	<b>owner's equity</b>	<u>\$ 92,720</u>

**Req. 1**

<b>Beth Yung, Designer</b>		
<b>Income Statement</b>		
<b>Month Ended November 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 5,400</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$ 1,080</b>	
<b>Rent expense</b>	<b>830</b>	
<b>Total expenses</b>		<b><u>1,910</u></b>
<b>Net income</b>		<b><u>\$3,490</u></b>

**Req. 2**

<b>Beth Yung, Designer</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended November 30, 2012</b>	
<b>Yung, capital, November 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>34,000</b>
<b>Net income</b>	<b><u>3,490</u></b>
	<b>37,490</b>
<b>Drawing</b>	<b>(2,700)</b>
<b>Yung, capital, November 30, 2012</b>	<b><u>\$ 34,790</u></b>

Req. 3

<b>Beth Yung, Designer</b>			
<b>Balance Sheet</b>			
<b>November 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 6,390	Accounts payable	\$ 500
Accounts receivable	1,500		
Supplies	500	<b>OWNER'S EQUITY</b>	
Furniture	1,900		
Land	25,000	Yung, capital	34,790
		Total liabilities and	
Total assets	<u>\$ 35,290</u>	owner's equity	<u>\$ 35,290</u>

**Req. 1**

<b>Vince Smith, Attorney</b>		
<b>Income Statement</b>		
<b>Month Ended April 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$ 5,400</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$ 920</b>	
<b>Rent expense</b>	<b>730</b>	
<b>Total expenses</b>		<b><u>1,650</u></b>
<b>Net income</b>		<b><u>\$ 3,750</u></b>

**Req. 2**

<b>Vince Smith, Attorney</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended April 30, 2012</b>	
<b>Smith, capital, April 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>32,000</b>
<b>Net income</b>	<b><u>3,750</u></b>
	<b>35,750</b>
<b>Drawing</b>	<b><u>(2,700)</u></b>
<b>Smith capital, April 30, 2012</b>	<b><u>\$33,050</u></b>



Req. 3

<b>Vince Smith, Attorney</b>			
<b>Balance Sheet</b>			
<b>April 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 7,550	Accounts payable	\$ <u>2,000</u>
Accounts receivable	1,000		
Supplies	500	<b>OWNER'S EQUITY</b>	
Furniture	2,000		
Land	24,000	Smith, capital	<u>33,050</u>
		Total liabilities and	
Total assets	<u>\$ 35,050</u>	owner's equity	<u>\$ 35,050</u>



**Req. 1**

<b>John Hilton, CPA</b>		
<b>Income Statement</b>		
<b>Month Ended April 30, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b><u>\$ 7,100</u></b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,300</b>	
<b>Rent expense</b>	<b><u>300</u></b>	
<b>Total expenses</b>		<b><u>1,600</u></b>
<b>Net income</b>		<b><u>\$5,500</u></b>

**Req. 2**

<b>John Hilton, CPA</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended April 30, 2012</b>	
<b>Hilton, capital, April 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>23,700</b>
<b>Net income</b>	<b><u>5,500</u></b>
	<b>29,200</b>
<b>Drawing</b>	<b><u>(2,300)</u></b>
<b>Hilton, capital, April 30, 2012</b>	<b><u>\$26,900</u></b>

Req. 3

<b>John Hilton, CPA</b>			
<b>Balance Sheet</b>			
<b>April 30, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 7,700	Accounts payable	\$2,300
Accounts receivable	6,100		
Supplies	1,400	<b>OWNER'S EQUITY</b>	
Land	14,000	Hilton, capital	<u>26,900</u>
		Total liabilities and	
<b>Total assets</b>	<u><b>\$29,200</b></u>	<b>owner's equity</b>	<u><b>\$29,200</b></u>



**Req. 1**

<b>Shermana Peters, Registered Dietician</b>		
<b>Income Statement</b>		
<b>Month Ended July 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b>\$7,000</b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,500</b>	
<b>Rent expense</b>	<b><u>300</u></b>	
<b>Total expenses</b>		<b><u>1,800</u></b>
<b>Net income</b>		<b><u>\$5,200</u></b>

**Req. 2**

<b>Shermana Peters, Registered Dietician</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended July 31, 2012</b>	
<b>Peters, capital, July 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>23,000</b>
<b>Net income</b>	<b><u>5,200</u></b>
	<b>28,200</b>
<b>Drawing</b>	<b><u>(2,200)</u></b>
<b>Peters, capital, July 31, 2012</b>	<b><u>\$26,000</u></b>

Req. 3

<b>Shermana Peters, Registered Dietician</b>			
<b>Balance Sheet</b>			
<b>July 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 6,800	Accounts payable	\$ 3,700
Accounts receivable	5,500		
Supplies	1,400	<b>OWNER'S EQUITY</b>	
Equipment	16,000	Peters, capital	<u>26,000</u>
		Total liabilities and	
Total assets	<u>\$29,700</u>	owner's equity	<u>\$29,700</u>

**Req. 1**

<b>Stubbs Environmental Consulting Company</b>		
<b>Income Statement</b>		
<b>Month Ended October 31, 2012</b>		
<b>Revenue:</b>		
<b>Service revenue</b>		<b><u>\$4,400</u></b>
<b>Expenses:</b>		
<b>Salary expense</b>	<b>\$1,900</b>	
<b>Rent expense</b>	<b>700</b>	
<b>Utilities expense</b>	<b>500</b>	
<b>Advertising expense</b>	<b><u>300</u></b>	
<b>Total expenses</b>		<b><u>3,400</u></b>
<b>Net income</b>		<b><u>\$1,000</u></b>

**Req. 2**

<b>Stubbs Environmental Consulting Company</b>	
<b>Statement of Owner's Equity</b>	
<b>Month Ended October 31, 2012</b>	
<b>Stubbs, capital, October 1, 2012</b>	<b>\$ 0</b>
<b>Owner investment</b>	<b>66,000</b>
<b>Net income</b>	<b><u>1,000</u></b>
	<b>67,000</b>
<b>Drawing</b>	<b><u>(2,400)</u></b>
<b>Stubbs, capital, October 31, 2012</b>	<b><u>\$64,600</u></b>

Req. 3

<b>Stubbs Environmental Consulting Company</b>			
<b>Balance Sheet</b>			
<b>October 31, 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash	\$ 18,200	Accounts payable	\$2,200
Accounts receivable	2,200		
Office supplies	2,400	<b>OWNER'S EQUITY</b>	
Office furniture	18,000		
Building	26,000	Stubbs, capital	<u>64,600</u>
		Total liabilities and	
<b>Total assets</b>	<u><b>\$ 66,800</b></u>	<b>owner's equity</b>	<u><b>\$66,800</b></u>

# Continuing Exercise

(30-45 min.) E 2-61

Req. 2

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>May</b>	<b>1</b>	<b>Cash</b>		<b>1,700</b>	
		<b>Lawlor, capital</b>			<b>1,700</b>
	<b>3</b>	<b>Equipment</b>		<b>1,440</b>	
		<b>Accounts payable</b>			<b>1,440</b>
	<b>5</b>	<b>Fuel expense</b>		<b>30</b>	
		<b>Cash</b>			<b>30</b>
	<b>6</b>	<b>Accounts receivable</b>		<b>150</b>	
		<b>Service revenue</b>			<b>150</b>
	<b>8</b>	<b>Lawn supplies</b>		<b>150</b>	
		<b>Cash</b>			<b>150</b>
	<b>17</b>	<b>Cash</b>		<b>800</b>	
		<b>Service revenue</b>			<b>800</b>
	<b>31</b>	<b>Cash</b>		<b>100</b>	
		<b>Accounts receivable</b>			<b>100</b>



**Reqs. 1 and 3**

<b>Cash</b>			
May 1	1,700	May 5	30
17	800	8	150
31	100		
Bal	2,420		

<b>Accounts receivable</b>			
May 6	150	May 31	100
Bal	50		

<b>Lawn supplies</b>			
May 8	150		
Bal	150		

<b>Equipment</b>			
May 3	1,440		
Bal	1,440		

<b>Accounts payable</b>			
	May 3	1,440	
	Bal	1,440	

<b>Lawlor, capital</b>			
	May 1	1,700	
	Bal	1,700	

<b>Service revenue</b>			
	May 6	150	
	17	800	
	Bal	950	

<b>Fuel expense</b>			
May 5	30		
Bal	30		

**Req. 4**

<b>Lawlor Lawn Service</b>		
<b>Trial Balance</b>		
<b>May 31, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Cash</b>	<b>\$ 2,420</b>	
<b>Accounts receivable</b>	<b>50</b>	
<b>Lawn supplies</b>	<b>150</b>	
<b>Equipment</b>	<b>1,440</b>	
<b>Accounts payable</b>		<b>\$1,440</b>
<b>Lawlor, capital</b>		<b>1,700</b>
<b>Service revenue</b>		<b>950</b>
<b>Fuel expense</b>	<b>30</b>	
<b>Total</b>	<b><u>\$ 4,090</u></b>	<b><u>\$4,090</u></b>

# Continuing Problem

(40-50 min.) P 2-62

Req. 2

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST. REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Dec</b>	<b>2</b>	<b>Cash</b>		<b>18,000</b>	
		<b>Draper, capital</b>			<b>18,000</b>
	<b>2</b>	<b>Rent expense</b>		<b>550</b>	
		<b>Cash</b>			<b>550</b>
	<b>3</b>	<b>Equipment</b>		<b>1,800</b>	
		<b>Cash</b>			<b>1,800</b>
	<b>4</b>	<b>Furniture</b>		<b>4,200</b>	
		<b>Accounts payable</b>			<b>4,200</b>
	<b>5</b>	<b>Supplies</b>		<b>900</b>	
		<b>Accounts payable</b>			<b>900</b>
	<b>9</b>	<b>Accounts receivable</b>		<b>1,500</b>	
		<b>Service revenue</b>			<b>1,500</b>
	<b>12</b>	<b>Utilities expense</b>		<b>250</b>	
		<b>Cash</b>			<b>250</b>
	<b>18</b>	<b>Cash</b>		<b>1,100</b>	
		<b>Service revenue</b>			<b>1,100</b>

Reqs. 1 and 3

<b>Cash</b>			
Dec 2	18,000	Dec 2	550
18	1,100	3	1,800
		12	250
Bal	16,500		

<b>Accounts receivable</b>			
Dec 9	1,500		
Bal	1,500		

<b>Supplies</b>			
Dec 5	900		
Bal	900		

<b>Equipment</b>			
Dec 3	1,800		
Bal	1,800		

<b>Furniture</b>			
Dec 4	4,200		
Bal	4,200		

<b>Accounts payable</b>			
		Dec 4	4,200
		5	900
		Bal	5,100

<b>Draper, capital</b>			
		Dec 2	18,000
		Bal	18,000

<b>Utilities expense</b>			
Dec 12	250		
Bal	250		

<b>Service revenue</b>			
Dec 9	1,500		
18	1,100		
Bal	2,600		

<b>Rent expense</b>			
Dec 2	550		
Bal	550		

## Req.4

<b>Draper Consulting</b>		
<b>Trial Balance</b>		
<b>December 18, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$16,500	
Accounts receivable	1,500	
Supplies	900	
Equipment	1,800	
Furniture	4,200	
Accounts payable		\$ 5,100
Draper, capital		18,000
Service revenue		2,600
Rent expense	550	
Utilities expense	250	
<b>Total</b>	<b><u>\$25,700</u></b>	<b><u>\$25,700</u></b>

# PRACTICE SET: Chapter 2

(45-60 min.)

## Req. 1

<b>Journal</b>					
<b>DATE</b>		<b>ACCOUNTS AND EXPLANATIONS</b>	<b>POST REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Nov</b>	<b>1</b>	<b>Cash</b>		<b>35,000</b>	
		<b>Truck</b>		<b>8,000</b>	
		<b>Hudson, capital</b>			<b>43,000</b>
	<b>2</b>	<b>Prepaid rent</b>		<b>2,000</b>	
		<b>Cash</b>			<b>2,000</b>
	<b>3</b>	<b>Prepaid insurance</b>		<b>2,400</b>	
		<b>Cash</b>			<b>2,400</b>
	<b>4</b>	<b>Supplies</b>		<b>270</b>	
		<b>Accounts payable</b>			<b>270</b>
	<b>5</b>	<b>Equipment</b>		<b>1,000</b>	
		<b>Accounts payable</b>			<b>1,000</b>
	<b>7</b>	<b>Equipment</b>		<b>1,200</b>	
		<b>Cash</b>			<b>1,200</b>
	<b>9</b>	<b>Accounts receivable</b>		<b>3,000</b>	
		<b>Service revenue</b>			<b>3,000</b>
	<b>10</b>	<b>Cash</b>		<b>100</b>	
		<b>Accounts receivable</b>			<b>100</b>
	<b>15</b>	<b>Contract labor expense</b>		<b>500</b>	
		<b>Cash</b>			<b>500</b>
	<b>16</b>	<b>Cash</b>		<b>3,600</b>	
		<b>Unearned service revenue</b>			<b>3,600</b>

	<b>17</b>	<b>Cash</b>		<b>800</b>	
		<b>Service revenue</b>			<b>800</b>
	<b>18</b>	<b>Utilities expense</b>		<b>175</b>	
		<b>Accounts payable</b>			<b>175</b>
	<b>20</b>	<b>Cash</b>		<b>40,000</b>	
		<b>Note payable</b>			<b>40,000</b>
	<b>21</b>	<b>Cash</b>		<b>900</b>	
		<b>Accounts receivable</b>			<b>900</b>
	<b>25</b>	<b>Accounts payable</b>		<b>500</b>	
		<b>Cash</b>			<b>500</b>
	<b>29</b>	<b>Advertising expense</b>		<b>100</b>	
		<b>Cash</b>			<b>100</b>
	<b>30</b>	<b>Hudson, drawing</b>		<b>600</b>	
		<b>Cash</b>			<b>600</b>

(continued) Practice set

*Req. 2*

<b>Cash</b>		<b>Accounts payable</b>					
<b>Nov 1</b>	<b>35,000</b>	<b>Nov 2</b>	<b>2,000</b>	<b>Nov 25</b>	<b>500</b>	<b>Nov 4</b>	<b>270</b>
<b>10</b>	<b>100</b>	<b>3</b>	<b>2,400</b>			<b>5</b>	<b>1,000</b>
<b>16</b>	<b>3,600</b>	<b>7</b>	<b>1,200</b>			<b>18</b>	<b>175</b>
<b>17</b>	<b>800</b>	<b>15</b>	<b>500</b>			<b>Bal</b>	<b>945</b>
<b>20</b>	<b>40,000</b>	<b>25</b>	<b>500</b>				
<b>21</b>	<b>900</b>	<b>29</b>	<b>100</b>				
		<b>30</b>	<b>600</b>				
<b>Bal</b>	<b>73,100</b>					<b>Nov 16</b>	<b>3,600</b>
						<b>Bal</b>	<b>3,600</b>

(continued) Practice set

Req. 2 (continued)

**Accounts receivable**

Nov 9	3,000	Nov 10	100
		21	900
Bal	2,000		

**Supplies**

Nov 4	270		
Bal	270		

**Prepaid rent**

Nov 2	2,000		
Bal	2,000		

**Prepaid insurance**

Nov 3	2,400		
Bal	2,400		

**Truck**

Nov 1	8,000		
Bal	8,000		

**Equipment**

Nov 5	1,000		
7	1,200		
Bal	2,200		

**Advertising expense**

Nov 29	100		
Bal	100		

**Note payable**

	Nov 20	40,000
	Bal	40,000

**Hudson, capital**

	Nov 1	43,000
	Bal	43,000

**Hudson, drawing**

Nov 30	600		
Bal	600		

**Service revenues**

	Nov 9	3,000
	17	800
	Bal	3,800

**Contract labor expense**

Nov 15	500		
Bal	500		

**Utilities expense**

Nov 18	175		
Bal	175		



(continued) Practice set

Req. 3

<b>Shine King Cleaning</b>		
<b>Trial Balance</b>		
<b>November 30, 2012</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 73,100	
Accounts receivable	2,000	
Supplies	270	
Prepaid rent	2,000	
Prepaid insurance	2,400	
Truck	8,000	
Equipment	2,200	
Accounts payable		\$ 945
Unearned service revenue		3,600
Note payable		40,000
Hudson, capital		43,000
Hudson, drawing	600	
Service revenue		3,800
Contract labor expense	500	
Utilities expense	175	
Advertising expense	100	
<b>Total</b>	<b><u>\$91,345</u></b>	<b><u>\$91,345</u></b>

# Ch 2: Apply Your Knowledge

## Decision Cases

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### Decision Case 2-1

*Reqs. 1 and 2*

<b>Cash</b>			
(a)	10,000	(b)	300
(f)	1,200	(d)	2,500
Bal	8,400		

<b>Accounts receivable</b>			
(e)	8,800	(f)	1,200
Bal	7,600		

<b>Supplies</b>			
(b)	300		
Bal	300		

<b>Accounts payable</b>			
		(c)	700

<b>McChesney capital</b>			
		(a)	10,000

<b>Service revenue</b>			
		(e)	8,800

<b>Salary expense</b>			
(d)	1,400		

<b>Rent expense</b>			
(d)	1,100		

<b>Advertising expense</b>			
(c)	700		

**Req. 3**

<b>A-Plus Travel Planners</b>		
<b>Trial Balance</b>		
<b>June 30, 2014</b>		
<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cash	\$ 8,400	
Accounts receivable	7,600	
Supplies	300	
Accounts payable		\$ 700
McChesney, capital		10,000
Service revenue		8,800
Salary expense	1,400	
Rent expense	1,100	
Advertising expense	700	
<b>Total</b>	<b><u>\$19,500</u></b>	<b><u>\$19,500</u></b>

**Req. 4****A-Plus Travel Planners**

<b>Revenues:</b>		
Service revenue		<b>\$8,800</b>
<b>Expenses:</b>		
Salary expense	<b>\$1,400</b>	
Rent expense	<b>1,100</b>	
Advertising expense	<b>700</b>	
<b>Total expenses</b>		<b><u>3,200</u></b>
<b>Net income for month</b>		<b><u>\$5,600</u></b>

**Recommendation: Discontinue the business, because net income falls below the target amount.**

## Decision Case 2-2

### ***Req. 1***

Double-entry bookkeeping has the advantage that it records both sides (the “giving” side and the “receiving” side) of a business transaction in the precise language of accounting, i.e. “debits” and “credits.” This allows for the exact description of balances in all accounts, and helps ensure that the entire system is always in balance.

### ***Req. 2***

The bank is not misusing the term *credit*. From the perspective of the bank’s ledger, when you deposit money in the bank, the bank debits Cash (received from you) and credits a payable (payable to you on demand). It is this payable, a liability account, that is the source of the term *credit*. This is why a bank *credit* is good for the depositor. It means you have more money in the bank.

**\*Students probably will not be this complete.**

## **Ethical Issue 2-1**

---

### ***Req. 1***

**The bank has a standing agreement with Better Days Ahead for overdrafts, so as long as transactions are compliant with terms of the agreement, there is no ethical issue. The exercise refers to Better Days Ahead managing funds “wisely.” However, whether funds are managed wisely or not is a matter of prudent business management and not an ethical issue. Presumably if Better Days Ahead was exceeding the terms of the agreement, the bank would cancel the arrangement.**

**Some students may point out that the agreement was for times when donations are running low, whereas the reasons given for the overdraft are for expansion and fundraising. If this is interpreted to mean that Better Days Ahead is abusing the privilege according to the terms of the agreement, then there may be an ethical issue involved, but that is not made clear by the information given.**

**Students may approve of Henson’s cash management if the arrangement is beneficial to Better Days Ahead, and thus helps them accomplish their charitable mission more effectively. Students may disapprove of Henson’s cash management if (a) they feel it is “unwise”, i.e. poor business management, or (b) if they believe he is exceeding the terms of the agreement.**

## **Fraud Case 2-1**

---

### ***Req. 1***

**By changing an expense to an asset, the total expenses will decrease and net income will increase.**

### ***Req. 2***

**The CEO gained by earning a bonus, and the accounting manager may have gained by getting favorable treatment from the CEO. The shareholders of the company lost, because the company paid out the bonus under fraudulent conditions.**

## Financial Statement Case 2-1

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### Req. 1

<b>Journal</b>					
DATE		ACCOUNTS AND EXPLANATIONS	POST. REF.	DEBIT	CREDIT
Dec.	1	Cash & cash equivalents		60,000	
		Net sales revenue			60,000
	9	Cash & cash equivalents		200,000	
		Long-term debt			200,000
	12	Fixed assets		10,000	
		Accounts payable			10,000
	22	Accounts payable		5,000	
		Cash & cash equivalents (\$10,000 × ½)			5,000
	28	General & admin expense		3,000	
		Cash & cash equivalents			3,000
	31	Long-term debt		100,000	
		Interest expense		1,000	
		Cash & cash equivalents			101,000

**Note:** Amazon.com financial statements use slightly different terminology: “cash and cash equivalents” instead of “cash,” “net sales” instead of “sales revenue,” “long-term debt” instead of “note payable,” “Fixed Assets” instead of “Equipment,” “General and Administrative Expense” instead of “Administrative Expense.”

## **Team Project 2-1**

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### **Suggested Answer**

#### ***Req. 1***

**Student answers will vary widely, as the various groups use the charts of accounts of different businesses. The financial statements that the students prepare should be consistent with the business's chart of accounts.**

## **Communication Activity 2-1**

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**Debits are on the left, credits are on the right. Normal balance for assets, expenses, and drawings is a debit. For liability, equity, and revenue accounts, the normal balance is a credit.**



## Chapter 2

### Recording Business Transactions

---

#### Chapter Overview

The chapter introduces the account and the ledger, and then briefly describes specific asset, liability, and owner's equity accounts. The concept of double-entry bookkeeping and the rules of debit and credit for assets, liabilities, and owner's equity are described. The "T-account" is illustrated. The accounting equation is tied to the rules of debit and credit.

The journal is introduced and the process of recording transactions (journalizing) is illustrated. The three-step process, described for a manual system, is also completed in a computerized accounting system. The posting process is explained briefly. A series of entries are analyzed, journalized, and posted to T-accounts in the ledger. The normal balances of accounts are explained. The trial balance is defined and illustrated. A mid-chapter summary problem reviews how to journalize, post, and prepare a trial balance.

Details of journals, ledgers, and the posting process are presented, including an illustration of a 4-column ledger account with a running balance. A chart of accounts is illustrated, and the rules of debit and credit are expanded to include specific types of owner's equity accounts. An illustrative problem demonstrates the analyzing, journalizing, and posting of several revenue, expense, and dividend transactions, followed by the preparation of a trial balance. Some typical accounting errors revealed by a trial balance are described. Decision Guidelines are presented that assist the student in analyzing and recording transactions. The chapter concludes with a summary problem that reviews opening accounts, journalizing, posting, and preparing a trial balance.

## Chapter 2: Teaching Outline

- 1) Explain accounts, journals, and ledgers as they relate to recording transactions and describe common accounts
  - a) Assets
  - b) Liabilities
  - c) Owner's Equity
  - d) Chart of Accounts
  - e) Exhibit 2-1 The Ledger – Asset, Liability and Owner's Equity Accounts
  - f) Exhibit 2-2 Chart of Accounts – Smart Touch Learning
- 2) Define debits, credits, and normal account balances, and use double-entry accounting and T-accounts
  - a) The T-Account
  - b) Increases and Decreases in the Accounts
  - c) Exhibit 2-3 The Accounting Equation and the Rules of Debit and Credit
  - d) Exhibit 2-4 The Accounting Equation After the First Two Transactions of Smart Touch Learning
- 3) List the steps of the transaction recording process
  - a) Posting (Copying Information) from the Journal to the Ledger
  - b) Expanding the Rules of Debit and Credit: Revenues and Expenses
  - c) The Normal Balance of an Account
  - d) Source Documents—The Origin of the Steps
  - e) Exhibit 2-5 The Journal Page
  - f) Exhibit 2-6 Making a Journal Entry and Posting to the Ledger in T-Account Form
  - g) Exhibit 2-7 The Accounting Equation Includes Revenues and Expenses
  - h) Exhibit 2-8 Complete Rules of Debit and Credit
  - i) Exhibit 2-9 Flow of Accounting Data from the Journal to the Ledger
- 4) Journalize and post sample transactions to the ledger

- a) Practice Journalizing with Specific Examples
  - b) The Ledger Accounts After Posting
  - c) Exhibit 2-10 Smart Touch Learning's Ledger Accounts After Posting April's Transactions
- 5) Prepare the trial balance from the T-accounts
- a) Correcting Trial Balance Errors
  - b) Details of Journals and Ledgers
  - c) The Four-Column Account: An Alternative to the T-Account
  - d) Exhibit 2-11 Trial Balance
  - e) Exhibit 2-12 Details of Journalizing and Posting
  - f) Exhibit 2-13 Account in Four-Column Format

## Chapter 2: Summary Handout for Students

1. Chart of accounts: a list of all the accounts with their account number
  - Assets, Liabilities, Owner's Equity
  - Revenues and Expenses
2. Record transactions in the journal using the rules of debit, credit, and double-entry accounting
  - Every transaction affects at least two accounts
  - Type of account determines whether it increases with a debit or a credit
    - Asset accounts increase with a debit
    - Liability accounts increase with a credit
    - Equity accounts increase with a credit
    - The normal balance of an account is on the side of an increase to the account
  - Journal entries should have:
    - Date of the transaction
    - Title of the account debited, along with the dollar amount
    - Indented title of the account credited, along with the dollar amount
    - Brief explanation of transaction
3. Post transactions from the journal to the ledger
  - See Exhibit 2-6 Making a Journal Entry and Posting to the Ledger in T-Account Form
4. Revenues and expenses affect equity
  - Revenues are increases (earned) in equity from providing goods or services to customers
  - Expenses are decreases (incurred) in equity through the operation of a business
    - Using up assets
    - Or increasing liabilities

5. The trial balance lists all the accounts in the ledger with their balances

- Total debits equal total credits

6

## Lecture Outline Tips: Key Topics

An understanding of Chapter 2 is essential for student success in the remaining financial accounting chapters. Spend adequate time in the beginning with accounting terminology. Accounting is a “foreign” language to many students, and, as true with a real foreign language, you must start with the basics. Students seemingly understand assets and liabilities more easily, than equity. An asset can be touched, a liability can be confirmed by looking at an invoice, but equity is conceptual. Equity is the owner's claims to the business assets; what's left over after liabilities are subtracted from assets. It may be helpful to ask students to attempt to calculate their personal equity. Students may own a car or home that has an outstanding loan or mortgage.

Keep it simple when discussing T accounts and the rules of debit and credit. Debit means left and credit means right, period. A debit does not mean increase and a credit does not mean decrease. Increases and decreases depend on the account type. Emphasize that **every** entry must balance (debits = credits) and be correct for the accounting system to generate correct and useful information. An incorrect journal entry that is posted to the right accounts will still produce incorrect information.

An account can only have one balance. Debits and credits within the same account are subtracted to determine the account balance, just like positives and negatives from a mathematical standpoint. The normal balance is the side used to record increases in the account.

When discussing the posting process, inform students to be very careful when transferring amounts to the ledger. It is common for students at this point to reverse a posting, recording a debit as a credit, or vice versa. A debit is placed on the left side and a credit is placed on the right side. If the trial balance doesn't balance, it is common for students to have reversed a posting.

Lastly, it may be helpful for students to view the accounting system from both ends. The natural process is to journalize, post, and prepare a trial balance. However, once the chapter content is discussed, you can also begin with the trial balance and have students trace back to the ledger and journal to find a specific transaction. They can also get experience doing this when correcting a trial balance that doesn't balance.

## Chapter 2 Assignment Grid

<u>Learning Objective</u>	<u>Short Exercises</u> <i>Easy</i>	<u>Exercises</u> <i>Moderate</i>	<u>Problems (Group A)</u> <i>Difficult</i>	<u>Problems (Group B)</u> <i>Difficult</i>
1	1	13, 14, 15	27	44
2	2, 3	15, 17, 18, 19, 20	27, 29, 35, 36	44, 52, 53
3	4	16, 17, 18, 20	28, 29, 30	45, 46
4	5, 6, 7, 8, 9	16, 17, 18, 19, 20, 21, 22, 23, 24	28, 29, 30, 31, 32, 33, 34	45, 46, 47, 48, 49, 50, 51
5	9, 10, 11, 12	17, 18, 19, 20, 22, 24, 25, 26	29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43	46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60

### Other End of Chapter Materials:

Continuing Exercise E2-61
Continuing Problem P2-62
Practice Set
Decision Case 2-1
Decision Case 2-2
Ethical Issue 2-1
Fraud Case 2-1
Financial Statement Case 2-1
Team Project 2-1
Communication Activity 2-1

### End of Chapter Exercises and Problems available utilizing Accounting software:

QuickBooks 10	E2-17, P2-29A, P2-32A, P2-47B, E2-61, P2-62, Practice Set
Peachtree 10	
Excel in Practice	E2-17, P2-29A, P2-32A, P2-47B
General Ledger	E2-16, E2-20, P2-28A, P2-30A, E2-61, P2-62, Practice Set

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### Sample Homework Questions in MyAccountingLab:

E2-14, E2-17, E2-18, E2-20, P2-31A, P2-32A
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### Pre-Test Questions in MyAccountingLab:

S2-3, S2-4, S2-9, E2-13
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### Post-Test Questions in MyAccountingLab:

P2-51B
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### Exercise and/or Problems used in PowerPoint slides:

S2-1, S2-2, S2-5, S2-6, E2-10
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**Answer Key to Chapter 2 Quiz:**

1. A
2. D
3. B
4. B
5. B

6. D
7. C
8. B
9. A
10. D



Name \_\_\_\_\_ Date \_\_\_\_\_ Section \_\_\_\_\_

**CHAPTER 2  
TEN-MINUTE QUIZ**

*Circle the letter of the best response.*

1. Which sequence correctly summarizes the accounting process?
  - A. Journalize transactions, post to the accounts, prepare a trial balance
  - B. Journalize transactions, prepare a trial balance, post to the accounts
  - C. Post to the accounts, journalize transactions, prepare a trial balance
  - D. Prepare a trial balance, journalize transactions, post to the accounts
  
2. The left side of an account is used to record which of the following?
  - A. Debit or credit, depending on the type of account
  - B. Increases
  - C. Credits
  - D. Debits
  
3. Suppose Hunt Corporation has Accounts receivables of \$65,000, Furniture totaling \$205,000, and Cash of \$52,000. The business has a \$109,000 Note payable and owes \$81,000 on account. How much is Hunt's owner's equity?
  - A. \$28,000
  - B. \$132,000
  - C. \$190,000
  - D. \$322,000
  
4. Your business purchased supplies of \$2,500 on account. The journal entry to record this transaction is as follows:

A.	Supplies	2,500	
	Accounts receivable		2,500
B.	Supplies	2,500	
	Accounts payable		2,500
C.	Accounts payable	2,500	
	Supplies		2,500
D.	Inventory	2,500	
	Accounts payable		2,500



10. Michael Barry, Attorney, P.C., began the year with total assets of \$126,000, liabilities of \$74,000, and owner's equity of \$52,000. During the year, the business earned revenue of \$110,000 and paid expenses of \$33,000. Barry also withdrew cash of \$69,000. How would Michael Barry record expenses paid of \$33,000?

A.	Cash	33,000	
	Expenses		33,000
B.	Accounts payable	33,000	
	Cash		33,000
C.	Expenses	33,000	
	Accounts payable		33,000
D.	Expenses	33,000	
	Cash		33,000