

# [Credit debit analysis assignment](https://assignbuster.com/credit-debit-analysis-assignment/)

T. J. Carlin has the following transactions during August of the current year. Indicate (a) the effect on the accounting equation and (b) the debit-credit analysis. Aug. 1 |   | Opens an office as a financial advisor, investing $8, 000 in cash. | 4 |   | Pays insurance in advance for 6 months, $1, 800 cash. | 16 |   | Receives $800 from clients for service provided. | 27 |   | Pays secretary $1, 000 salary. |   |   | (a) Effect on Accounting Equation | (b) Debit-Credit Analysis | Aug. 1 |   | The Asset account Cash is increased. Debits increase Assets : |   |   |   | Debit Cash  |   |   |   |   |   |   | The Owner’s Equity account T. J. Carlin, Capital is increased. | Credits increase Owner’s Equity ; |   |   | | Credit T. J. Carlin, Capital  |   |   |   |   | 4 |   | The Asset account Prepaid Insurance is increased. | Debits increase Assets : |   |   |   | Debit Prepaid Insurance  |   |   |   |   |   |   | The Asset account Cash is decreased. Credits decrease Assets: |   |   |   | Credit Cash  |   |   |   |   | 16 |   | The Asset account Cash is increased. | Debits increase Assets: |   |   |   | Debit Cash  |   |   |   |   |   |   | The Revenue account Service Revenue is increased. | Credits increase Revenues: |   |   |   | Credit Service Revenue  |   |   |   |   | 27 |   | The Expense account Salaries Expense is increased. Debits increase Expenses: |   |   |   | Debit Salaries Expense   |   |   |   |   |   |   | The Asset account Cash is decreased | Credits decrease Assets: |   |   |   | Credit Cash  | | | Presented below is information related to Hanshew Real Estate Agency. Oct. 1   Pete Hanshew begins business as a real estate agent with a cash investment of $15, 000. 2   Hires an administrative assistant. 3   Purchases office furniture for $1, 900, on account. 6   Sells a house and lot for B.

Kidman; bills B. Kidman $3, 200 for realty services provided. 27   Pays $700 on the balance related to the transaction of October 3. 30   Pays the administrative assistant $2, 500 in salary for October. Instructions Complete the debit-credit analysis for each transaction. (If no transaction is required, select NA. )       (a) Effect on Accounting Equation   (b) Debit-Credit Analysis Oct. 1   The Asset account Cash is increased. Debits increase Assets :         Debit Cash                The Owner’s Equity account Pete Hanshew, Capital is increased.

Credits increase Owner’s Equity ;         Credit Pete Hanshew, Capital            2   The NA account NA is NA. Debits NA NA :         Debit NA                The NA account NA is NA. Credits NA NA:         Credit NA            3   The Asset account Office Furniture is increased. Debits increase Assets:         Debit Office Furniture                The Liability account Accounts Payable is increased. Credits increase Liabilities:         Credit Accounts Payable            6   The Asset account Accounts Receivable is increased.

Debits increase Assets:         Debit Accounts Receivable                 The Revenue account Service Revenue is increased   Credits increase Revenues:       Credit Service Revenue            27   The Liability account Accounts Payable is decreased. Debits decrease Liabilities:         Debit Accounts Payable                 The Asset account Cash is decreased. Credits decrease Assets:         Credit Cash            30   The Expense account Salaries Expense is increased. Debits increase Expenses:         Debit Salaries Expense                 The Asset account Cash is  decreased   Credits decrease Assets:         Credit Cash     T.

J. Carlin has the following transactions during August of the current year. Journalize the transactions based on the data below. Aug. 1 |   | Opens an office as a financial advisor, investing $8, 000 in cash. | 4 |   | Pays insurance in advance for 6 months, $1, 800 cash. | 16 |   | Receives $800 from clients for service provided. | 27 |   | Pays secretary $1, 000 salary. | Date | Account/Description | Debit | Credit | Aug 1   | Cash | 8, 000 |   |   |        T.

J. Carlin, Capital |   | 8000 | 4   | Prepaid Insurance | 1800 |   |   |        Cash |   | 1800 | 16   | Cash | 800 |   |   |        Service Revenue |   | 800 | 27   | Salaries Expense | 1000 |   |   |        Cash |   | 1000 | Click here if you would like to Show Work for this question | | | | The following accounts are taken from the ledger of Boardin’ Company at December 31, 2010. 00 | Notes Payable | $20, 000 |    | 100 | Cash | $6, 000 | 300 | Hawk, Capital | 25, 000 | | 120 | Supplies | 5, 000 | 150 | Equipment | 80, 000 | | 522 | Supplies Expense | 2, 000 | 310 | Hawk, Drawing | 8, 000 | | 220 | Salaries Payable | 3, 000 | 726 | Salaries Expense | 38, 000 | | 201 | Accounts Payable | 11, 000 | 400 | Service Revenue | 88, 000 | | 110 | Accounts Receivable | 8, 000 | Complete the trial balance in good form. If answer is zero, please enter 0. Do not leave any fields blank. BOARDIN’ COMPANY | Trial Balance | December 31, 2010 |   | Debit | Credit | Cash | $ 6, 000 | $ 0 | Accounts Receivable | 8, 000 | 0 | Supplies | 5, 000 | 0 | Equipment | 80, 000 | 0 | Notes Payable | 0 | 20000 | Accounts Payable | 0 | 11, 000 | Salaries Payable | 0 | 3, 000 | Hawk, Capital | 0 | 25, 000 | Hawk, Drawing | 8, 000 | 0 | Service Revenue | 0 | 88, 000 | Supplies Expense | 2, 000 | 0 | Salaries Expense | 38, 000 | 0 |   | $ 147, 000 | $ 147, 000 | | | E2-14 Correct. The accounts in the ledger of Sanford Delivery Service contain the following balances on July 31, 2010. Accounts Receivable $7, 642   Prepaid Insurance $  1, 968 Accounts Payable 8, 396   Repair Expense 961 Cash ? Service Revenue 10, 610 Delivery Equipment 49, 360   Sanford, Drawing 700 Gas and Oil Expense 758   Sanford, Capital 44, 636 Insurance Expense 523   Salaries Expense 4, 428 Notes Payable 18, 450   Salaries Payable 815 Instructions Complete the trial balance and fill in the missing amount for cash. (If answer is zero, please enter 0.

Do not leave any fields blank. ) SANFORD DELIVERY SERVICE Trial Balance July 31, 2010   Debit Credit Cash $ 16567 $ 0 Accounts Receivable 7642 0 Prepaid Insurance 1968 0 Delivery Equipment 49360 0 Notes Payable 0 18450 Accounts Payable 0 8396 Salaries Payable 0 815 Sanford, Capital 0 44636 Sanford, Drawing 700 0 Service Revenue 0 10610 Salaries Expense 4428 0 Gas and Oil Expense 758 0 Repair Expense 961 0 Insurance Expense 523 0   $ 82907 $ 82907 Click here if you would like to Show Work for this question AE2-5 | | Correct. |   |   | Presented below is information related to Hanshew Real Estate Agency. Oct. |   | Pete Hanshew begins business as a real estate agent with a cash investment of $15, 000. | 2 |   | Hires an administrative assistant. | 3 |   | Purchases office furniture for $1, 935, on account. | 6 |   | Sells a house and lot for B. Kidman; bills B. Kidman $3, 217 for realty services provided. | 27 |   | Pays $663 on the balance related to the transaction of October 3. | 30 |   | Pays the administrative assistant $2, 407 in salary for October. | Instructions Journalize the transactions. (If there is no transaction, enter No entry as the account and 0 for the amount. ) Date | Account/Description | Debit | Credit | Oct.    | Cash | 15000 |   |   |           Pete Hanshew, Capital |   | 15000 | 2   | No Entry | 0 |   |   |           No Entry |   | 0 | 3   | Office Furniture | 1935 |   |   |           Accounts Payable |   | 1935 | 6   | Accounts Receivable | 3217 |   |   |           Service Revenue |   | 3217 | 27   | Accounts Payable | 663 |   |   |           Cash |   | 663 | 30   | Salaries Expense | 2407 |   |   |           Cash |   | 2407 | | | | | | AE2-9 | | | Selected transactions from the journal of Teresa Gonzalez, investment broker, are presented below.

Date |   | Account Titles and Explanation | Ref. | Debit | Credit | Aug. 1 |   | Cash |   | 5, 034 |   |   |   |         Teresa Gonzalez, Capital |   |   | 5, 034 |   |   |         (Owner’s investment of cash in business) |   |   |   | 10 |   | Cash |   | 2, 042 |   |   |   |         Service Revenue |   |   | 2, 042 |   |   |         (Received cash for services provided) |   |   |   | 12 |   | Office Equipment |   | 4, 763 |   |   |   |         Cash |   |   | 1, 075 |   |         Notes Payable |   |   | 3, 688 |   |   |         (Purchased office equipment for cash notes payable) |   |   |   | 25 |   | Accounts Receivable |   | 1, 399 |   |   |   |         Service Revenue |   |   | 1, 399 |   |   |         (Billed clients for services provided) |   |   |   | 31 |   | Cash |   | 893 |   |   |   |         Accounts Receivable |   |   | 893 |   |   |         (Receipt of cash on account) |   |   |   | Instructions (a) Post the transactions to T accounts. Cash | Aug. 1     | 5034 | Aug. 2   | 1, 075 | 10     | 2042 |   |   | 31     | 893 |   |   | Bal. | 6, 894 |   |   | Accounts Receivable | Aug. 25    | 1399 | Aug. 31   | 893 | Bal. | 506 |   |   | Office Equipment | Aug. 12    | 4763 |   |   | Notes Payable |   |   | Aug. 12   | 3688 | Teresa Gonzalez, Capital |   |   | Aug. 1   | 5, 034 | Service Revenue |   |   | Aug. 10   | 2042 |   |   | 25   | 1399 |   |   | Bal. | 3441 | (b) Complete the trial balance at August 31, 2010. (If answer is zero, please enter 0. Do not leave any fields blank. TERESA GONZALEZ, INVESTMENT BROKER | Trial Balance | August 31, 2010 |   | Debit | Credit | Cash | $ 6, 894 | 0 | Accounts Receivable | 506 | 0 | Office Equipment | 4763 | 0 | Notes Payable | 0 | 3688 | Teresa Gonzalez, Capital | 0 | 5, 034 | Service Revenue | 0 | 3441 |   | $ 12, 163 | $ 12, 163 | | | Jane Kent is a licensed CPA. During the first month of the operation of her business, the following events and transactions occurred. May 1 |   | Kent invested $25, 000 cash. | 2 |   | Hired a secretary-receptionist at a salary of $2, 000 per month. | 3 |   | Purchased $2, 500 of supplies on account from Read Supply Company. | 7 |   | Paid office rent of $900 cash for the month. 11 |   | Completed a tax assignment and billed client $2, 100 for services provided. | 12 |   | Received $3, 500 advance on a management consulting engagement. | 17 |   | Received cash of $1, 200 for services completed for H. Arnold Co. | 31 |   | Paid secretary-receptionist $2, 000 salary for the month. | 31 |   | Paid 40% of balance due Read Supply Company. | Jane uses the following chart of accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 201 Accounts Payable, No. 205 Unearned Revenue, No. 301 Jane Kent, Capital, No. 400 Service Revenue, No. 726 Salaries Expense, and No. 729 Rent Expense.

Instructions (a) Journalize the transactions. (If there is no transaction, enter No entry as the account and 0 for the amount. ) Date | Account/Description | Debit | Credit | May 1 | Cash | 25, 000 |   |   |           Jane Kent, Capital |   | 25, 000 |   | (Owner’s investment of cash in business. ) |   |   | May 2 | No Entry | 0 |   |   |           No Entry |   | 0 |   | (Hired a secretary-receptionist. ) |   |   | May 3 | Supplies | 2, 500 |   |   |           Accounts Payable |   | 2, 500 |   | (Purchased supplies on account. |   |   | May 7 | Rent Expense | 900 |   |   |           Cash |   | 900 |   | (Paid office rent. ) |   |   | May 11 | Accounts Receivable | 2, 100 |   |   |           Service Revenue |   | 2, 100 |   | (Billed clients for services provided. ) |   |   | May 12 | Cash | 3, 500 |   |   |           Unearned Revenue |   | 3, 500 |   | (Received cash for future services. ) |   |   | May 17 | Cash | 1, 200 |   |   |           Service Revenue |   | 1, 200 |   | (Received cash for services provided. |   |   | May 31 | Salaries Expense | 2, 000 |   |   |           Cash |   | 2, 000 |   | (Paid salaries. ) |   |   | May 31 | Accounts Payable | 1, 000 |   |   |           Cash |   | 1, 000 |   | (Paid creditor on account. ) |   |   | (b) Post to the ledger accounts. (If answer is zero, please enter 0. Do not leave any fields blank. List multiple entries in order of occurrence. ) Cash | No. 101 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 1 |   | J1 | 25, 000 | 0 | 25, 000 |      | |   | J1 | 0 | 900 | 24, 100 |      | 12 |   | J1 | 3, 500 | 0 | 27, 600 |   | 17 |   | J1 | 1, 200 | 0 | 28, 800 |   | 31 |   | J1 | 0 | 2, 000 | 26, 800 |   | 31 |   | J1 | 0 | 1, 000 | 25, 800 | Accounts Receivable | No. 112 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 11 |   | J1 | 2, 100 | 0 | 2, 100 | Supplies | No. 126 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 3 |   | J1 | 2, 500 | 0 | 2, 500 | Accounts Payable | No. 01 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 3 |   | J1 | 0 | 2, 500 | 2, 500 |      | 31 |   | J1 | 1, 000 | 0 | 1, 500 | Unearned Revenue | No. 205 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 12 |   | J1 | 0 | 3, 500 | 3, 500 | Jane Kent, Capital | No. 301 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 1 |   | J1 | 0 | 25, 000 | 25, 000 | Service Revenue | No. 400 | Date |   | Explanation | Ref. Debit | Credit | Balance | May | 11 |   | J1 | 0 | 2, 100 | 2, 100 |      | 17 |   | J1 | 0 | 1, 200 | 3, 300 | Salaries Expense | No. 726 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 31 |   | J1 | 2, 000 | 0 | 2, 000 | Rent Expense | No. 729 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 7 |   | J1 | 900 | 0 | 900 | (c) Prepare a trial balance on May 31, 2010. (If answer is zero, please enter 0. Do not leave any fields blank.

JANE KENT, CPA | Trial Balance | May 31, 2010 |   | Debit | Credit | Cash | $ 25, 800 | $0 | Accounts Receivable | 2, 100 | 0 | Supplies | 2, 500 | 0 | Accounts Payable | 0 | 1, 500 | Unearned Revenue | 0 | 3, 500 | Jane Kent, Capital | 0 | 25, 000 | Service Revenue | 0 | 3, 300 | Salaries Expense | 2, 000 | 0 | Rent Expense | 900 | 0 |   | $ 33, 300 | $ 33, 300 | | | Copyright © 2000-2011 by John Wiley & Sons, Inc. or related companies. All rights reserved. | | P2-5A | | | The Lake Theater is owned by Tony Carpino. All facilities were completed on March 31. At this time, the ledger showed: No. 101 Cash $6, 000; No. 140 Land $10, 000; No. 145 Buildings (concession stand, projection room, ticket booth, and screen) $8, 000; No. 157 Equipment $6, 000; No. 201 Accounts Payable $2, 000; No. 275 Mortgage Payable $8, 000; and No. 01 Tony Carpino, Capital $20, 000. During April, the following events and transactions occurred. Apr. | 2 |   | Paid film rental of $800 on first movie. |   | 3 |   | Ordered two additional films at $1, 000 each. |   | 9 |   | Received $2, 800 cash from admissions. |   | 10 |   | Made $2, 000 payment on mortgage and $1, 000 for accounts payable due. |   | 11 |   | Lake Theater contracted with R. Wynns Company to operate the concession stand. Wynns is to pay 17% of gross concession receipts (payable monthly) for the right to operate the concession stand. |   | 12 |   | Paid advertising expenses $500.   | 20 |   | Received one of the films ordered on April 3 and was billed $1, 000. The film will be shown in April. |   | 25 |   | Received $5, 200 cash from admissions. |   | 29 |   | Paid salaries $2, 000. |   | 30 |   | Received statement from R. Wynns showing gross concession receipts of $1, 000 and the balance due to The Lake Theater of $170 ($1, 000 ? 17%) for April. Wynns paid one-half of the balance due and will remit the remainder on May 5. |   | 30 |   | Prepaid $900 rental on special film to be run in May. | In addition to the accounts identified above, the chart of accounts shows: No. 112 Accounts Receivable, No. 36 Prepaid Rentals, No. 405 Admission Revenue, No. 406 Concession Revenue, No. 610 Advertising Expense, No. 632 Film Rental Expense, and No. 726 Salaries Expense. Instructions (a) Journalize the April transactions. (If there is no transaction, enter No entry as the account and 0 for the amount. For multiple debit/credit entries, list amounts from largest to smallest eg 10, 5, 3, 2. If amounts are the same, list alphabetically. ) Date | Account/Description | Debit | Credit | Apr. 2 | Film Rental Expense | 800 |   |   |         Cash |   | 800 |   | (Paid film rental. ) |   |   | Apr. | No Entry | 0 |   |   |         No Entry |   | 0 |   | (Ordered additional films. ) |   |   | Apr. 9 | Cash | 2, 800 |   |   |         Admission Revenue |   | 2, 800 |   | (Received cash for services provided. ) |   |   | Apr. 10 | Mortgage Payable | 2, 000 |   |   | Accounts Payable | 1, 000 |   |   |         Cash |   | 3, 000 |   | (Made payments on mortgage accounts payable. ) | Apr. 11 | No Entry | 0 |   |   |           No Entry |   | 0 |   | (Contract to operate concession stand. ) |   |   | Apr. 2 | Advertising Expense | 500 |   |   |           Cash |   | 500 |   | (Paid advertising expenses. ) |   |   | Apr. 20 | Film Rental Expense | 1, 000 |   |   |           Accounts Payable |   | 1, 000 |   | (Rented film on account. ) |   |   | Apr. 25 | Cash | 5, 200 |   |   |           Admission Revenue |   | 5, 200 |   | (Received cash for services provided. ) |   |   | Apr. 29 | Salaries Expense | 2, 000 |   |   |           Cash |   | 2, 000 |   | (Paid salaries expense. ) |   |   | Apr. 0 | Accounts Receivable | 85 |   |   | Cash | 85 |   |   |           Concession Revenue |   | 170 |     | (Received cash & balance on account for concession revenue. ) | Apr. 30 | Prepaid Rentals | 900 |   |   |           Cash |   | 900 |   | (Paid cash for future film rentals. ) |   |   | (b) Enter the beginning balances in the ledger as of April 1. Post the April journal entries to the ledger. Assume that all entries are posted from page 1 of the journal. (If answer is zero, please enter 0. Do not leave any fields blank. List multiple items in order of occurrence. ) Cash | No. 101 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. 1 | Balance | P |   |   | 6, 000 |      | 2 |   | J1 | 0 | 800 | 5, 200 |      | 9 |   | J1 | 2, 800 | 0 | 8, 000 |   | 10 |   | J1 | 0 | 3, 000 | 5, 000 |   | 12 |   | J1 | 0 | 500 | 4, 500 |   | 25 |   | J1 | 5, 200 | 0 | 9, 700 |   | 29 |   | J1 | 0 | 2, 000 | 7, 700 |   | 30 |   | J1 | 85 | 0 | 7, 785 |   | 30 |   | J1 | 0 | 900 | 6, 885 | Accounts Receivable | No. 112 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. 30 |   | J1 | 85 | 0 | 85 | Prepaid Rentals | No. 136 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 30 |   | J1 | 900 | 0 | 900 | Land | No. 140 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 1 | Balance | P |   |   | 10, 000 | Buildings | No. 145 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 1 | Balance | P |   |   | 8, 000 | Equipment | No. 157 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. 1 | Balance | P |   |   | 6, 000 | Accounts Payable | No. 201 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 1 | Balance | P |   |   | 2, 000 |   | 10 |   | J1 | 1, 000 | 0 | 1, 000 |   | 20 |   | J1 | 0 | 1, 000 | 2, 000 | Mortgage Payable | No. 275 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 1 | Balance | P |   |   | 8, 000 |   | 10 |   | J1 | 2, 000 | 0 | 6, 000 | Tony Carpino, Capital | No. 01 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 1 | Balance | P |   |   | 20, 000 | Admission Revenue | No. 405 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 9 |   | J1 | 0 | 2, 800 | 2, 800 |   | 25 |   | J1 | 0 | 5, 200 | 8, 000 | Concession Revenue | No. 406 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 30 |   | J1 | 0 | 170 | 170 | Advertising Expense | No. 610 | Date |   | Explanation | Ref. Debit | Credit | Balance | Apr. | 12 |   | J1 | 500 | 0 | 500 | Film Rental Expense | No. 632 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 2 |   | J1 | 800 | 0 | 800 |   | 20 |   | J1 | 1, 000 | 0 | 1, 800 | Salaries Expense | No. 726 | Date |   | Explanation | Ref. | Debit | Credit | Balance | Apr. | 29 |   | J1 | 2, 000 | 0 | 2, 000 | (c) Complete the trial balance on April 30, 2010. (If answer is zero, please enter 0. Do not leave any fields blank. LAKE THEATER | Trial Balance | April 30, 2010 |   | Debit | Credit | Cash | $ 6, 885 | $ 0 | Accounts Receivable | 85 | 0 | Prepaid Rentals | 900 | 0 | Land | 10, 000 | 0 | Buildings | 8, 000 | 0 | Equipment | 6, 000 | 0 | Accounts Payable | 0 | 2, 000 | Mortgage Payable | 0 | 6, 000 | Tony Carpino, Capital | 0 | 20, 000 | Admission Revenue | 0 | 8, 000 | Concession Revenue | 0 | 170 | Advertising Expense | 500 | 0 | Film Rental Expense | 1, 800 | 0 | Salaries Expense | 2, 000 | 0 |   | $ 36, 170 | $ 36, 170 | | | AE2-3 | | Incorrect. |   |   | Selected transactions for D. Reyes, an interior decorator in her first month of business, are as follows. Jan. | 2   | Invested $10, 628 cash in business. | 3   | Purchased used car for $3, 660 cash for use in business. | | 9   | Purchased supplies on account for $598. | | 11   | Billed customers $2, 105 for services performed. | | 16   | Paid $269 cash for advertising. | | 20   | Received $624 cash from customers billed on January 11. | | 23   | Paid creditor $385 cash on balance owed. | | 28   | Withdrew $1, 288 cash for personal use of owner. | Instructions Journalize the transactions: Date | Account/Description | Debit | Credit | Jan. 2     | Cash | 10628 |   |   |          D. Reyes, Capital |   | 10628 | 3 | 3660 |   |   |          Cash |   | 3660 | 9     | | 598 |   |   |          Accounts Payable |   | 598 | 11     | Accounts Receivable | 2105 |   |   |          Service Revenue |   | 2105 | 16     | Advertising Expense | 269 |   |   |          Cash |   | 269 | 20     | Cash | 624 |   |   |          |   | 624 | 23     | Accounts Payable | 385 |   |   |          Cash |   | 385 | 28     | D. Reyes, Drawing | 1288 |   |   |          Cash |   | 1288 | | | | | | | AP2-2A | | Incorrect. |   |   | Jane Kent is a licensed CPA. During the first month of the operation of her business, the following events and transactions occurred. May 1 |   | Kent invested $21, 150 cash. | 2 |   | Hired a secretary-receptionist at a salary of $2, 284 per month. 3 |   | Purchased $2, 040 of supplies on account from Read Supply Company. | 7 |   | Paid office rent of $904 cash for the month. | 11 |   | Completed a tax assignment and billed client $2, 188 for services provided. | 12 |   | Received $3, 181 advance on a management consulting engagement. | 17 |   | Received cash of $1, 004 for services completed for H. Arnold Co. | 31 |   | Paid secretary-receptionist $2, 284 salary for the month. | 31 |   | Paid 40% of balance due Read Supply Company. | Jane uses the following chart of accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 201 Accounts Payable, No. 05 Unearned Revenue, No. 301 Jane Kent, Capital, No. 400 Service Revenue, No. 726 Salaries Expense, and No. 729 Rent Expense. Instructions (a) Journalize the transactions. (If there is no transaction, enter No entry as the account and 0 for the amount. ) Date | Account/Description | Debit | Credit | May 1 | Cash | 21150 |   |   |           Jane Kent, Capital |   | 21150 |   | (Owner’s investment of cash in business. ) |   |   | May 2 | No Entry | |   |   |           No Entry |   | |   | (Hired a secretary-receptionist. ) |   |   | May 3 |

Supplies | 2040 |   |   |           Accounts Payable |   | 2040 |   | (Purchased supplies on account. ) |   |   | May 7 | Rent Expense | 904 |   |   |           Cash |   | 904 |   | (Paid office rent. ) |   |   | May 11 | Accounts Receivable | 2188 |   |   |           Service Revenue |   | 2188 |   | (Billed clients for services provided. ) |   |   | May 12 | Cash | 3181 |   |   |           Unearned Revenue |   | 3181 |   | (Received cash for future services. |   |   | May 17 | Cash | 1004 |   |   |           Service Revenue |   | 1004 |   | (Received cash for services provided. ) |   |   | May 31 | Salaries Expense | 2284 |   |   |           Cash |   | 2284 |   | (Paid salaries. ) |   |   | May 31 | Accounts Payable | 816 |   |   |           Cash |   | 816 |   | (Paid creditor on account. ) |   |   | (b) Post to the ledger accounts. (If answer is zero, please enter 0. Do not leave any fields blank. List multiple entries in order of occurrence. ) Cash | No. 101 | Date |   | Explanation | Ref. Debit | Credit | Balance | May | 1 |   | J1 | 21150 | 0 | 21150 |      | 7 |   | J1 | 0 | 904 | 20246 |      | 12 |   | J1 | 3181 | 0 | 23427 |   | 17 |   | J1 | 1004 | 0 | 24431 |   | 31 |   | J1 | 0 | 2284 | 22147 |   | 31 |   | J1 | 0 | 816 | 21331 | Accounts Receivable | No. 112 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 11 |   | J1 | 2188 | 0 | 2188 | Supplies | No. 126 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 3 |   | J1 | 2040 | 0 | 2040 | Accounts Payable | No. 201 | Date |   | Explanation | Ref. Debit | Credit | Balance | May | 3 |   | J1 | 0 | 2040 | 2040 |      | 31 |   | J1 | 816 | 0 | 1224 | Unearned Revenue | No. 205 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 12 |   | J1 | 0 | 3181 | 3181 | Jane Kent, Capital | No. 301 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 1 |   | J1 | 0 | 21150 | 21150 | Service Revenue | No. 400 | Date |   | Explanation | Ref. Debit | Credit | Balance | May | 11 |   | J1 | 0 | 2188 | 2188 |      | 17 |   | J1 | 0 | 1004 | 3192 | Salaries Expense | No. 726 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 31 |   | J1 | 2284 | 0 | 2284 | Rent Expense | No. 729 | Date |   | Explanation | Ref. | Debit | Credit | Balance | May | 7 |   | J1 | 904 | 0 | 904 | (c) Prepare a trial balance on May 31, 2010. (If answer is zero, please enter 0. Do not leave any fields blank.

JANE KENT, CPA | Trial Balance | May 31, 2010 |   | Debit | Credit | Cash | $ 21331 | $ 0 | Accounts Receivable | 2188 | 0 | Supplies | 2040 | 0 | Accounts Payable | 0 | 1224 | Unearned Revenue | 0 | 3181 | Jane Kent, Capital | 0 | 21150 | Service Revenue | 0 | 3192 | Salaries Expense | 2284 | 0 | Rent Expense | 904 | 0 |   | $ 28747 | $ 28747 | | | | | Question Attempts: 1 of 3 used |   | | | | | | | | | Copyright © 2000-2011 by John Wiley & Sons, Inc. or related companies. All rights reserved. | | | | |