

Analyze transactions and journalize.

(LO 1, 2)

E2-6 Marx Industries had the following transactions.

1. Borrowed \$5,000 from the bank by signing a note.
2. Paid \$3,100 cash for a computer.
3. Purchased \$850 of supplies on account.

Instructions

- (a) Indicate what accounts are increased and decreased by each transaction.
- (b) Journalize each transaction. (Omit explanations.)

Analyze transactions and journalize.

(LO 1, 2)

E2-7 Halladay Enterprises had the following selected transactions.

1. Bo Halladay invested \$4,000 cash in the business.
2. Paid office rent of \$840.
3. Performed consulting services and billed a client \$5,200.
4. Bo Halladay withdrew \$750 cash for personal use.

Instructions

- (a) Indicate the effect each transaction has on the accounting equation (Assets = Liabilities + Owner's Equity), using plus and minus signs.
- (b) Journalize each transaction. (Omit explanations.)

E2-10 The T-accounts below summarize the ledger of Daggett Landscaping Company at the end of the first month of operations.

Journalize transactions from account data and prepare a trial balance.

(LO 2, 4)

Cash No. 101	
4/1 12,000	4/15 1,300
4/12 900	4/25 1,500
4/29 400	
4/30 1,000	

Accounts Receivable No. 112	
4/7 3,200	4/29 400

Supplies No. 126	
4/4 1,800	

Accounts Payable No. 201	
4/25 1,500	4/4 1,800

Unearned Service Revenue No. 209	
	4/30 1,000

Owner's Capital No. 301	
	4/1 12,000

Service Revenue No. 400	
	4/7 3,200
	4/12 900

Salaries and Wages Expense No. 726	
4/15 1,300	

Instructions

- (a) Prepare the complete general journal (including explanations) from which the postings to Cash were made.
- (b) Prepare a trial balance at April 30, 2017.

P2-1A Holz Disc Golf Course was opened on March 1 by Ian Holz. The following selected events and transactions occurred during March.

Journalize a series of transactions.

(LO 1, 2)



- Mar. 1 Invested \$20,000 cash in the business.
 3 Purchased Rainbow Golf Land for \$15,000 cash. The price consists of land \$12,000, shed \$2,000, and equipment \$1,000. (Make one compound entry.)
 5 Paid advertising expenses of \$900.
 6 Paid cash \$600 for a one-year insurance policy.
 10 Purchased golf discs and other equipment for \$1,050 from Stevenson Company payable in 30 days.
 18 Received \$1,100 in cash for golf fees (Holz records golf fees as service revenue).
 19 Sold 150 coupon books for \$10 each. Each book contains 4 coupons that enable the holder to play one round of disc golf.
 25 Withdrew \$800 cash for personal use.
 30 Paid salaries of \$250.
 30 Paid Stevenson Company in full.
 31 Received \$2,700 cash for golf fees.

Holz Disc Golf uses the following accounts: Cash, Prepaid Insurance, Land, Buildings, Equipment, Accounts Payable, Unearned Service Revenue, Owner's Capital, Owner's Drawings, Service Revenue, Advertising Expense, and Salaries and Wages Expense.

Instructions

Journalize the March transactions.

P2-2A Emily Valley is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred:

Journalize transactions, post, and prepare a trial balance.

(LO 1, 2, 3, 4)



- April 1 Invested \$20,000 cash in her business.
 1 Hired a secretary-receptionist at a salary of \$700 per week payable monthly.
 2 Paid office rent for the month \$1,100.
 3 Purchased dental supplies on account from Dazzle Company \$4,000.
 10 Performed dental services and billed insurance companies \$5,100.
 11 Received \$1,000 cash advance from Leah Mataruka for an implant.
 20 Received \$2,100 cash for services performed from Michael Santos.
 30 Paid secretary-receptionist for the month \$2,800.
 30 Paid \$2,400 to Dazzle for accounts payable due.

Emily uses the following chart of accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 201 Accounts Payable, No. 209 Unearned Service Revenue, No. 301 Owner's Capital, No. 400 Service Revenue, No. 726 Salaries and Wages Expense, and No. 729 Rent Expense.

Instructions

(a) Journalize the transactions.

(b) Post to the ledger accounts.

(c) Prepare a trial balance on April 30, 2017.

(c) Trial balance totals
\$29,800

EXERCISE 2-6

- (a) 1. Increase the asset Cash, increase the liability Notes Payable.
 2. Increase the asset Equipment, decrease the asset Cash.
 3. Increase the asset Supplies, increase the liability Accounts Payable.
- (b) 1. Cash 5,000
 Notes Payable 5,000
 2. Equipment 3,100
 Cash 3,100
 3. Supplies 850
 Accounts Payable 850

EXERCISE 2-7

(a) **Assets = Liabilities + Owner's Equity**

- | | | | |
|----|---|---|--------------|
| 1. | + | + | (Investment) |
| 2. | - | - | (Expense) |
| 3. | + | + | (Revenue) |
| 4. | - | - | (Drawings) |

(b)	1.	Cash	4,000	
		Owner's Capital		4,000
	2.	Rent Expense	840	
		Cash		840
	3.	Accounts Receivable	5,200	
		Service Revenue		5,200
	4.	Owner's Drawings.....	750	
		Cash		750

EXERCISE 2-10**(a)****General Journal**

Date	Account Titles and Explanation	Ref.	Debit	Credit
Apr. 1	Cash		12,000	
	 Owner's Capital.....			12,000
	 (Owner's investment of			
	 cash in business)			
12	Cash		900	
	 Service Revenue			900
	 (Received cash for			
	 services performed)			
15	Salaries and Wages Expense		1,300	
	 Cash.....			1,300
	 (Paid salaries to date)			
25	Accounts Payable		1,500	
	 Cash.....			1,500
	 (Paid creditors on account)			
29	Cash		400	
	 Accounts Receivable.....			400
	 (Received cash in payment			
	 of account)			
30	Cash		1,000	
	 Unearned Service Revenue.....			1,000
	 (Received cash for future			
	 services)			

(b)

DAGGETT LANDSCAPING COMPANY

Trial Balance

April 30, 2017

	<u>Debit</u>	<u>Credit</u>
Cash	\$11,500	
Accounts Receivable	2,800	
Supplies	1,800	
Accounts Payable		\$ 300
Unearned Service Revenue		1,000
Owner's Capital		12,000
Service Revenue.....		4,100
Salaries and Wages Expense	1,300	
	<u>\$17,400</u>	<u>\$17,400</u>

PROBLEM 2-1A

J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
Mar. 1	Cash.....		20,000	
	Owner's Capital			20,000
	(Owner's investment of cash in business)			
3	Land		12,000	
	Buildings		2,000	
	Equipment		1,000	
	Cash.....			15,000
	(Purchased Rainbow's Golf Land)			
5	Advertising Expense		900	
	Cash.....			900
	(Paid for advertising)			
6	Prepaid Insurance.....		600	
	Cash.....			600
	(Paid for one-year insurance policy)			
10	Equipment		1,050	
	Accounts Payable.....			1,050
	(Purchased equipment on account)			
18	Cash.....		1,100	
	Service Revenue			1,100
	(Received cash for services performed)			
19	Cash.....		1,500	
	Unearned Service Revenue.....			1,500
	(Received cash for coupon books sold)			

PROBLEM 2-1A (Continued)

Date	Account Titles and Explanation	Ref.	Debit	Credit
Mar. 25	Owner's Drawings		800	
	 Cash.....			800
	 (Withdrew cash for personal use)			
30	Salaries and Wages Expense		250	
	 Cash.....			250
	 (Paid salaries)			
30	Accounts Payable.....		1,050	
	 Cash.....			1,050
	 (Paid creditor on account)			
31	Cash		2,700	
	 Service Revenue			2,700
	 (Received cash for services performed)			

(a)

J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
Apr. 1	Cash.....	101	20,000	
	Owner's Capital	301		20,000
	(Owner's investment of cash in business)			
1	No entry—not a transaction.			
2	Rent Expense.....	729	1,100	
	Cash	101		1,100
	(Paid monthly office rent)			
3	Supplies.....	126	4,000	
	Accounts Payable.....	201		4,000
	(Purchased supplies on account from Dazzle Company)			
10	Accounts Receivable.....	112	5,100	
	Service Revenue.....	400		5,100
	(Billed clients for services performed)			
11	Cash.....	101	1,000	
	Unearned Service Revenue.....	209		1,000
	(Received cash for future service)			
20	Cash.....	101	2,100	
	Service Revenue.....	400		2,100
	(Received cash for services performed)			
30	Salaries and Wages Expense.....	726	2,800	
	Cash	101		2,800
	(Paid monthly salary)			
Apr. 30	Accounts Payable	201	2,400	
	Cash	101		2,400
	(Paid Dazzle Company on account)			

(b)

Cash **No. 101**

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 1		J1	20,000		20,000
2		J1		1,100	18,900
11		J1	1,000		19,900
20		J1	2,100		22,000
30		J1		2,800	19,200
30		J1		2,400	16,800

Accounts Receivable **No. 112**

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 10		J1	5,100		5,100

Supplies **No. 126**

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 3		J1	4,000		4,000

Accounts Payable **No. 201**

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 3		J1		4,000	4,000
30		J1	2,400		1,600

Unearned Service Revenue **No. 209**

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 11		J1		1,000	1,000

PROBLEM 2-2A (Continued)

Owner's Capital No. 301

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 1		J1		20,000	20,000

Service Revenue No. 400

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 10		J1		5,100	5,100
20		J1		2,100	7,200

Salaries and Wages Expense No. 726

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 30		J1	2,800		2,800

Rent Expense No. 729

Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 2		J1	1,100		1,100

(c) EMILY VALLEY, DENTIST
Trial Balance
April 30, 2017

	Debit	Credit
Cash	\$16,800	
Accounts Receivable	5,100	
Supplies	4,000	
Accounts Payable		\$ 1,600
Unearned Service Revenue		1,000
Owner's Capital		20,000
Service Revenue		7,200
Salaries and Wages Expense	2,800	
Rent Expense	1,100	
	<u>\$29,800</u>	<u>\$29,800</u>