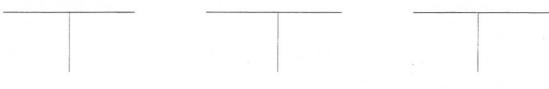
PRACTICE SET THE ACCOUNTING EQUATION

I. THE ACCOUNTING EQUATION

Write the accounting equation at the top of these three T accounts. Place the abbreviation DR. and CR. on the proper side of all T accounts. Also, use a plus or minus sign to indicate the directional change each side of the T account represents.



II. ANALYZING TRANSACTIONS - SAMPLE PROBLEM

Instructions: Record only the current transaction information in T accounts arranged according to the Accounting Equation.

1. Linda Smith, a sophomore at State University, started the Speedy Ironing Service with a \$125 cash investment on Sept. 1, 1991.

2. On Sept. 1, paid \$60 for 4 months of ads in the school newspaper.

3. On Sept. 1, purchased Ironing Supplies for \$10 cash.

- 4. On Sept. 1, purchased \$60 of Ironing Equipment paying \$30 down.
- 5. Linda made an additional investment of \$25.

6. Paid one-half the amount owed on the Ironing Equipment.

III. THE EXPANDED ACCOUNTING EQUATION

Write the expanded accounting equation at the top of these T accounts. Place the abbreviation DR. and CR. on the proper side of all T accounts. Also, use a plus or minus sign to indicate the directional change each side of the T account represents.



IV. ANALYZING TRANSACTIONS

Instructions: Record only the current transaction information in T accounts arranged according to the expanded Balance Sheet Equation.

7. Linda withdrew \$30 for personal use.

- Cash collected for Ironing Services performed during the first month amounted to \$150.
 \$20 was also due for services rendered.
- 9. Paid September rent of \$50 for a room used when ironing clothes.
- 10. Received \$10 on account.
- 11. On Sept. 26, two students each paid \$5 for next week's Laundry Service.

12. Paid monthly phone bill of \$20.

NOTE: Complete solutions to Practice Sets are located at the end of **Quick Notes**. Page numbers are the same as those of the corresponding Practice Set and are preceded by the letter A. The answers to this Practice Set begin on page A4.