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.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
<th>OWNER'S EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>DR.</td>
<td>CR.</td>
<td>DR.</td>
</tr>
<tr>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

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.

   Cash 125
   Capital, Linda Smith 125

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

   Cash 60
   Prepaid Advertising 60

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

   Cash 10
   Ironing Supplies 10

4. On Sept. 1, purchased $60 of Ironing Equipment paying $30 down.

   Cash 30
   Accounts Payable 30
   Ironing Equipment 60

5. Linda made an additional investment of $25.

   Cash 25
   Capital, Linda Smith 25

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

   Cash 15
   Accounts Payable 15
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.

\[
\begin{array}{ccc}
\text{ASSETS} & = & \text{LIABILITIES} + \text{OWNER'S EQUITY} \\
\text{DR.} & \text{CR.} & \text{DR.} & \text{CR.} & \text{DR.} & \text{CR.} \\
+ & - & + & + & + & + \\
\text{DRAWING} & \text{DR.} & \text{CR.} & + & - & + & + \\
\end{array}
\]

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  30
   Withdrawals  30

8. Cash collected for Ironing Services performed during the first month amounted to $150. $20 was also due for services rendered.
   
   Cash  150
   Ironing Revenues  170
   Accounts Receivable  20

9. Paid September rent of $50 for a room used when ironing clothes.
   
   Cash  50
   Rent Expenses  50

10. Received $10 on account.
    
    Cash  10
    Accounts Receivable  10

11. On Sept. 26, two students each paid $5 for next week's Laundry Service.
    
    Cash  10
    Unearned Ironing Revenues  10

    
    Cash  20
    Telephone Expenses  20