PRACTICE SET  
I. ANALYZING TRANSACTIONS

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

   \[
   \begin{align*}
   &\text{Cash} & 125 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 60 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 10 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 30 \\
   &\text{Accounts Payable} & 30 \\
   \end{align*}
   \]

5. Linda made an additional investment of $25.

   \[
   \begin{align*}
   &\text{Cash} & 25 \\
   &\text{Capital, Linda Smith} & 25 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 15 \\
   &\text{Accounts Payable} & 15 \\
   \end{align*}
   \]

7. Linda withdrew $30 for personal use.

   \[
   \begin{align*}
   &\text{Cash} & 30 \\
   &\text{Withdrawals, Linda Smith} & 30 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 150 \\
   &\text{Ironing Revenue} & 170 \\
   \end{align*}
   \]

   \[
   \begin{align*}
   &\text{Accounts Receivable} & 20 \\
   \end{align*}
   \]

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

   \[
   \begin{align*}
   &\text{Cash} & 50 \\
   &\text{Rent Expense} & 50 \\
   \end{align*}
   \]

10. Received $10 on account.

    \[
    \begin{align*}
    &\text{Cash} & 10 \\
    \end{align*}
    \]

   \[
   \begin{align*}
   &\text{Accounts Receivable} & 10 \\
   \end{align*}
   \]

11. Sept. 26, two students paid $5 each for next week's ironing.

    \[
    \begin{align*}
    &\text{Cash} & 10 \\
    &\text{Unearned Ironing Revenue} & 10 \\
    \end{align*}
    \]


    \[
    \begin{align*}
    &\text{Cash} & 20 \\
    \end{align*}
    \]

    \[
    \begin{align*}
    &\text{Telephone Expense} & 20 \\
    \end{align*}
    \]

II. JOURNALIZING TRANSACTIONS

Instructions: Use the T accounts on the left to analyze each transaction, journalize on the right.

1. Cash 125
   Capital, Linda Smith 125

2. Prepaid Advertising 60
   Cash 60

3. Ironing Supplies 10
   Cash 10

4. Ironing Equipment 60
   Cash 30
   Accounts Payable 30

5. Cash 25
   Capital, Linda Smith 25

6. Accounts Payable 15
   Cash 15

7. Withdrawals, Linda Smith 30
   Cash 30

8. Cash 150
   Accounts Receivable 150
   Ironing Revenue 170

9. Rent Expense 50
   Cash 50

10. Cash 10
    Accounts Receivable 10

11. Cash 10
    Unearned Ironing Revenue 10

12. Telephone Expense 20
    Cash 20
### III. GENERAL LEDGER

<table>
<thead>
<tr>
<th></th>
<th>CASH</th>
<th>Accounts Payable</th>
<th>Capital, Linda Smith</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>125</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td>25</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>(8)</td>
<td>150</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td>10</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>(11)</td>
<td>10</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>320</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>(12)</td>
<td>-215</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bal. 105</td>
<td>215</td>
<td></td>
</tr>
</tbody>
</table>

Prepaid Advertising (2) 60
Ironing Supplies (3) 10
Ironing Equipment (4) 60
Accounts Receivable (8) 20 (10) 10

Instructions: Post previous page Journal Entries into these T accounts which have been arranged according to the rewritten accounting equation and make a Trial Balance.

### IV. TRIAL BALANCE

**Speedy Ironing Service**
**Trial Balance**
**Sept. 30, 1991**

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$105</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Prepaid Advertising</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Ironing Supplies</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Ironing Equipment</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
<td>$15</td>
</tr>
<tr>
<td>Unearned Ironing Revenue</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Capital, Linda Smith</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Withdrawals, Linda Smith</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Ironing Revenue</td>
<td>170</td>
<td></td>
</tr>
<tr>
<td>Rent Expense</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Telephone Expense</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

**Balance**: $345

Note: A completed Trial Balance for September 30 appears on page A20 of the next Practice Set.

Instruction: Record the first transaction from page A8 in the formal journal below and post to the formal ledger accounts. Show all references. Assume Cash is account #1 and Capital is account #100.

### V. GENERAL JOURNAL

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACCOUNT TITLE AND EXPLANATION</th>
<th>PR</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 1</td>
<td>Cash</td>
<td>1</td>
<td>125.00</td>
<td>125.00</td>
</tr>
<tr>
<td></td>
<td>Capital, Linda Smith</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To record cash investment.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### VI. GENERAL LEDGER

<table>
<thead>
<tr>
<th>DATE</th>
<th>EXPLANATION</th>
<th>PR</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 1</td>
<td>CASH</td>
<td>125.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATE</th>
<th>EXPLANATION</th>
<th>PR</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 1</td>
<td>CAPITAL, LINDA SMITH</td>
<td>125.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>