

PRACTICE SET

RECORDING TRANSACTIONS

I. ANALYZING TRANSACTIONS

II. JOURNALIZING TRANSACTIONS

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

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

<u>Cash</u>	<u>Capital, Linda Smith</u>
125	125

	DR.	CR.
1. Cash	125	
Capital, Linda Smith		125

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

<u>Cash</u>
60

2. Prepaid Advertising	60	
Cash		60

<u>Prepaid Advertising</u>
60

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

<u>Cash</u>
10

3. Ironing Supplies	10	
Cash		10

<u>Ironing Supplies</u>
10

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

<u>Cash</u>
30

4. Ironing Equipment	60	
Cash		30
Accounts Payable		30

<u>Ironing Equipment</u>	<u>Accounts Payable</u>
60	30

5. Linda made an additional investment of \$25.

<u>Cash</u>	<u>Capital, Linda Smith</u>
25	25

5. Cash	25	
Capital, Linda Smith		25

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

<u>Cash</u>	<u>Accounts Payable</u>
15	15

6. Accounts Payable	15	
Cash		15

7. Linda withdrew \$30 for personal use.

<u>Cash</u>	<u>Withdrawals, Linda Smith</u>
30	30

7. Withdrawals, Linda Smith	30	
Cash		30

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

<u>Cash</u>	<u>Ironing Revenue</u>
150	170

8. Cash	150	
Accounts Receivable	20	
Ironing Revenue		170

<u>Accounts Receivable</u>
20

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

<u>Cash</u>	<u>Rent Expense</u>
50	50

9. Rent Expense	50	
Cash		50

10. Received \$10 on account.

<u>Cash</u>
10

10. Cash	10	
Accounts Receivable		10

<u>Accounts Receivable</u>
10

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

<u>Cash</u>	<u>Unearned Ironing Revenue</u>
10	10

11. Cash	10	
Unearned Ironing Revenue		10

12. Paid monthly phone bill of \$20.

<u>Cash</u>	<u>Telephone Expense</u>
20	20

12. Telephone Expense	20	
Cash		20

III. GENERAL LEDGER

<u>CASH</u>	<u>Accounts Payable</u>	<u>Capital, Linda Smith</u>
(1) 125 (2) 60	(6) 15 (4) 30	(1) 125
(5) 25 (3) 10		(5) 25
(8) 150 (4) 30		
(10) 10 (6) 15	<u>Unearned Ironing Revenue</u>	
(11) 10 (7) 30	(11) 10	
320 (9) 50		
<u>-215</u> (12) 20		
Bal. 105 215		
	<u>Withdrawals, Linda Smith</u>	
	(7) 30	
	<u>Rent Expense</u>	<u>Ironing Revenue</u>
	(9) 50	(8) 170
	<u>Telephone Expense</u>	
	(12) 20	

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.

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

IV. TRIAL BALANCE

Speedy Ironing Service	
Trial Balance	
Sept. 30, 1991	
Cash	\$105
Accounts Receivable	10
Prepaid Advertising	60
Ironing Supplies	10
Ironing Equipment	60
Accounts Payable	\$ 15
Unearned Ironing Revenue	10
Capital, Linda Smith	150
Withdrawals, Linda Smith	30
Ironing Revenue	170
Rent Expense	50
Telephone Expense	20
	<u>\$345</u>
	<u>\$345</u>

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

DATE	ACCOUNT TITLE AND EXPLANATION	PR	DEBIT	CREDIT
Sept. 1	Cash	1	125 00	
	Capital, Linda Smith	100		125 00
	To record cash investment.			

VI. GENERAL LEDGER

		CASH			ACCOUNT NO. 1
DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Sept. 1			125 00		

		CAPITAL, LINDA SMITH			ACCOUNT NO. 100
DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Sept. 1				125 00	