

Quick Questions On Recording Balance Sheet Transactions

1. 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.

Assets		-	Liabilities		=	Owner's Equity	
DR. +	CR. -		DR. +	CR. -		DR. -	CR. +

2. Record the following directly to T accounts assuming a one-month accounting cycle. Be sure to arrange the T accounts according to the balance sheet equation.

- Jan. 1 Mr. X started the XYZ Company with an investment of \$20,000.
 2 Bought equipment with a five-year useful life for \$12,000 paying half down and signing a five-year Note for the balance.
 2 Paid \$1,200 for a three-month insurance policy.
 8 Purchased supplies on credit for \$750.
 22 Mr. X made an additional investment of \$100.

Jan. 1	Cash		Capital, XYZ
	20,000		20,000

Jan. 2	Equipment
	12,000

Cash		Notes Payable
6,000		6,000

Jan. 2	Prepaid Insurance
	1,200
	Cash
	1,200

Jan. 8	Supplies		Accounts Payable
	750		750

Jan. 22	Cash		Capital, XYZ
	100		100

Quick Questions On Recording Expense And Revenue Transactions

1. Write the expanded accounting equation above 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.

Assets		-	Liabilities		=	Owner's Equity			
DR.	CR.		DR.	CR.		DR.	CR.		
+	-		-	+		-	+		
						Withdrawals			
						DR.	CR.		
						+	-		
						Expenses		Revenue	
						DR.	CR.	DR.	CR.
						+	-	-	+

2. Record the following in T accounts assuming a one-month accounting cycle.

- Jan. 1 Mary Brown started A & B Consultants with an investment of \$50,000.
 14 Collected Consulting Fees of \$500 cash.
 22 Mary withdrew \$200 for personal use.
 25 Paid salaries of \$1,450.
 28 Billed Z Corporation \$5,000 for consulting work completed today.
 31 Received \$1,500 from Q Company as a retainer for future advice.

Jan. 1	Cash		Capital, Mary Brown
	50,000		50,000

Jan. 14	Cash		Consulting Fees
	500		500

Jan. 22	Cash		Withdrawals, Mary Brown
	200		200

Jan. 25	Salaries Expense		
	1,450		
	Cash		
	1,450		

Jan. 28	Accounts Receivable		Consulting Fees
	5,000		5,000

Jan. 31	Cash		Unearned Consulting Fees
	1,500		1,500