

Solution: P1-1A (a)

| (a) Transaction | Assets | | | | = | Liabilities | Owner's Equity | | | | Comments |
|--------------------|--------|---------------------|------------------|----------|---|------------------|----------------------|----------------------|----------|----------|-----------------|
| | Cash | Accounts Receivable | Office Equipment | Supplies | | Accounts Payable | Erica Threet Capital | Erica Threet Drawing | Revenues | Expenses | |
| 1 | 10,000 | | | | | | 10,000 | | | | |
| 2 | -5000 | | 5000 | | | | | | | | |
| 3 | -400 | | | | | | | | | 400 | Office rent |
| 4 | -500 | | | 500 | | | | | | | |
| 5 | | | | | | 250 | | | | 250 | Advertising |
| 6 | 6100 | | | | | | | | 6100 | | Service revenue |
| 7 | -1000 | | | | | | | 1000 | | | |
| 8 | -2000 | | | | | | | | | 2000 | Salaries |
| 9 | -170 | | | | | | | | | 170 | utilities |
| 10 | | 750 | | | | | | | 750 | | Service revenue |
| 11 | 120 | -120 | | | | | | | | | |
| | 7,150 | 630 | 5,000 | 500 | | 250 | 10,000 | 1,000 | 6,850 | 2,820 | |
| | 13,280 | | | | | 13,280 | | | | | |

(b)

| Erica Threet Income Statement For the month ended at 31 May | | |
|---|------|-------------|
| Particulars | \$ | \$ |
| Revenues: | | |
| Service revenue | | 6850 |
| Less: Expenses | | |
| Office rent | 400 | |
| Advertising | 250 | |
| Salaries | 2000 | |
| utilities | 170 | 2820 |
| Net Income | | 4030 |

| Erica Threet Statement of changes in owner's equity For the month ended at 31 May | |
|---|---------------|
| Particulars | \$ |
| Owner's equity, Beginning | - |
| Add: | |
| Investment | 10,000 |
| Net income | 4,030 |
| | 14,030 |
| Less: | |
| Drawing | 1,000 |
| Owner's equity, Ending | 13,030 |

| Erica Threet Balance Sheet As on 31 May | |
|---|---------------|
| Particulars | \$ |
| Assets: | |
| Cash | 7150 |
| Accounts Receivable | 630 |
| Supplies | 500 |
| Office equipment | 5,000 |
| Total Asset | 13280 |
| Liabilities and Owner's Equity: | |
| Accounts Payable | 250 |
| Ending balance of owner's equity | 13030 |
| Total Liabilities and Owner's Equity | 13,280 |

Solution: P1-2A (a)

| (a) Date | Assets | | | | = | Liabilities | | Owner's Equity | | | | Comments |
|-------------|---------|---------------------|----------|------------------|---|---------------|------------------|-------------------|-------------------|----------|----------|---------------------|
| | Cash | Accounts Receivable | Supplies | Office Equipment | | Notes Payable | Accounts Payable | R. Castro Capital | R. Castro Drawing | Revenues | Expenses | |
| 1 | 9,000 | 1,700 | 600 | 6,000 | | | 3,600 | 13,700 | | | | Beginning Balance |
| | (2,900) | | | | | | (2,900) | | | | | |
| 2 | 1,300 | (1,300) | | | | | | | | | | |
| 3 | (800) | | | 2,100 | | | 1,300 | | | | | |
| 4 | 2,500 | 5,300 | | | | | | | | 7,800 | | Service Revenue |
| 5 | (1,100) | | | | | | | | 1,100 | | | |
| 6 | (1,700) | | | | | | | | | | 1,700 | Salary Expense |
| | (900) | | | | | | | | | | 900 | rent Expense. |
| | (4,500) | | | | | | | | | | 4,500 | advertising Expense |
| 7 | | | | | | | 170 | | | | 170 | utilities Expense |
| 8 | 10,000 | | | | | 10,000 | | | | | | |
| | 10,900 | 5,700 | 600 | 8,100 | | 10,000 | 2,170 | 13,700 | 1,100 | 7,800 | 7,270 | |
| | 25,300 | | | | | 25,300 | | | | | | |

(b)

| Ramona Castro Income Statement For the month ended at 30 September | | |
|--|-------|--------------|
| Particulars | \$ | \$ |
| Revenues: | | |
| Service revenue | | 7,800 |
| Less: Expenses | | |
| Office rent | 900 | |
| Advertising | 450 | |
| Salaries | 1,700 | |
| utilities | 170 | 3,220 |
| Net Income | | 4,580 |

| Ramona Castro Statement of changes in owner's equity For the month ended at 30 September | |
|--|---------------|
| Particulars | \$ |
| Owner's equity, Beginning | 13,700 |
| Add: | |
| Investment | - |
| Net income | 4,580 |
| | 18,280 |
| Less: | |
| Drawing | 1,100 |
| Owner's equity, Ending | 17,180 |

| Ramona Castro Balance Sheet As on 30 September | |
|--|---------------|
| Particulars | \$ |
| Assets: | |
| Cash | 14,950 |
| Accounts Receivable | 5,700 |
| Supplies | 600 |
| Office equipment | 8,100 |
| Total Asset | 29,350 |
| Liabilities and Owner's Equity: | |
| Accounts Payable | 2,170 |
| Notes Payable | 10,000 |
| Ending balance of owner's equity | 17,180 |
| Total Liabilities and Owner's Equity | 29,350 |

Solution: P1-3A

(a)

| A. J. Pierzynski Income Statement For the month ended at 31 May | | |
|---|-------|--------------|
| Particulars | \$ | \$ |
| Revenues: | | |
| Service revenue | | 8,100 |
| Less: Expenses | | |
| Rent | 1,200 | |
| Advertising | 600 | |
| Gasoline | 2,500 | |
| Maintenance & Repair | 400 | |
| Insurance | 400 | 5,100 |
| Net Income | | 3,000 |

| A. J. Pierzynski Statement of changes in owner's equity For the month ended at 31 May | |
|---|---------------|
| Particulars | \$ |
| Owner's equity, Beginning (Initial Investment) | 40,000 |
| Add: | |
| Investment | - |
| Net income | 3,000 |
| | 43,000 |
| Less: | |
| Drawing | 1,500 |
| Owner's equity, Ending | 41,500 |

| A. J. Pierzynski Balance Sheet As on 31 May | |
|---|---------------|
| Particulars | \$ |
| Assets: | |
| Cash | 3,400 |
| Accounts Receivable | 4,900 |
| Equipment | 64,000 |
| Total Asset | 72,300 |
| Liabilities and Owner's Equity: | |
| Accounts Payable | 800 |
| Notes Payable | 30,000 |
| Ending balance of owner's equity | 41,500 |
| Total Liabilities and Owner's Equity | 72,300 |

(b)

| A. J. Pierzynski Income Statement For the month ended at 31 May | | |
|---|-------|--------------|
| Particulars | \$ | \$ |
| Revenues: | | |
| Service revenue | 8,100 | |
| (+)Unrecorded revenue | 900 | 9,000 |
| Less: Expenses | | |
| Rent | 1,200 | |
| Advertising | 600 | |
| Gasoline | 2,500 | |
| (+)Unrecorded expense | 1,500 | 4,000 |
| Maintenance & Repair | 400 | |
| Insurance | 400 | 6,600 |
| Net Income | | 2,400 |

| A. J. Pierzynski Statement of changes in owner's equity For the month ended at 31 May | |
|---|---------------|
| Particulars | \$ |
| Owner's equity, Beginning (Initial Investment) | 40,000 |
| Add: | |
| Investment | - |
| Net income | 2,400 |
| | 42,400 |
| Less: | |
| Drawing | 1,500 |
| Owner's equity, Ending | 40,900 |

Solution: P1-4A

| (a) Date | Assets | | | | = | Liabilities | | Owner's Equity | | | | Comments |
|-------------|--------|---------------------|----------|-----------|---|---------------|------------------|-----------------|-----------------|----------|----------|--------------------|
| | Cash | Accounts Receivable | Supplies | Equipment | | Notes Payable | Accounts Payable | Beckham Capital | Beckham Drawing | Revenues | Expenses | |
| 1-Jun | 10,000 | | | | | | | 10,000 | | | | Capital Investment |
| 2 | -2,000 | | | 12,000 | | 10,000 | | | | | 500 | Office Rent |
| 3 | -500 | | | | | | | | | 4,400 | | Service revenue |
| 5 | | 4,400 | | | | | | | 200 | | | |
| 9 | -200 | | | | | | | | | | | |
| 12 | | | 150 | | | | 150 | | | | | |
| 15 | 1,250 | -1,250 | | | | | | | | | 200 | Gasoline expense |
| 17 | | | | | | | 200 | | | 1,300 | | Service revenue |
| 20 | 1,300 | | | | | | | | | | | |
| 23 | -600 | | | | | -600 | | | | | 250 | utilities expense |
| 26 | -250 | | | | | | | | | | | |
| 29 | -200 | | | | | | -200 | | | | 1,000 | Salaries expense |
| 30 | -1,000 | | | | | | | | | | | |
| | 7,800 | 3,150 | 150 | 12,000 | | 9,400 | 150 | 10,000 | 200 | 5,700 | 1,950 | |

$$23,100 = 23,100$$

| Gordon Beckham Income Statement For the month ended at 30 June | | |
|--|-------|--------------|
| Particulars | \$ | \$ |
| Revenues: | | |
| Service revenue | | 5,700 |
| Less: Expenses | | |
| Rent | 500 | |
| Gasoline | 200 | |
| Utilities | 250 | |
| Salaries | 1,000 | 1,950 |
| Net Income | | 3,750 |

| Gordon Beckham Statement of changes in owner's equity For the month ended at 30 June | |
|--|---------------|
| Particulars | \$ |
| Owner's equity (Initial Investment) | 10,000 |
| Add: | |
| Investment | - |
| Net income | 3,750 |
| | 13,750 |
| Less: | |
| Drawing | 200 |
| Owner's equity, Ending | 13,550 |

| Gordon Beckham Balance Sheet As on 30 June | |
|--|---------------|
| Particulars | \$ |
| Assets: | |
| Cash | 7,800 |
| Accounts Receivable | 3,150 |
| Supplies | 150 |
| Equipment | 12,000 |
| Total Asset | 23,100 |
| Liabilities and Owner's Equity: | |
| Accounts Payable | 150 |
| Notes Payable | 9,400 |
| Ending balance of owner's equity | 13,550 |
| Total Liabilities and Owner's Equity | 23,100 |