

P1-1A Solution @

Assets

Liabilities

+ Owners Equity

Trans-
action

Cash

+

Accounts
Receivable

+

Supplies

+

Equip-
ment

= Accounts
Payable

+

Owner's
Capital

-

Owner's
Drawings

+

Rev

-

Exp.

(1)

+\$15000

+\$15000

(2)

- 600

-\$600

(3)

-3000

+\$3000

(4)

+\$700

-700

(5)

-900

+\$900

(6)

+3000

+\$7000

(7)

-600

-\$600 +\$10000

(8)

-500

-500

(9)

-2500

(10)

+4000

-4000

-2500

\$ 13900 + \$ 3000 + \$ 900 + \$ 3000 = \$ 200 + \$ 15000 - \$ 600 + \$ 10000 - 3800

\$ 20,800

\$ 20,800

⑥

Spengler's Travel Agency

Income Statement

For the month ended April 30

Revenues

Service Revenue = \$10000

Expenses

Salary and wages = \$2500

Rent = \$600

Advertising = \$700

Total Expenses = \$3800

Net income \$6200

Owner's Equity Statement

For the month ended April 30

Owner's Capital, April 1 \$0

Add: Investments \$15000

Net income \$6200 \$21200

\$21,200

\$600

Less: Drawings

Owner's Capital, April 30 \$20,600

P1-4A Solution (a)

Date	Assets				Liabilities		Owner's Equity			
	Cash	Accounts Receivable	Supplies	Equipment	Notes payable	Accounts payable	Owner's Capital	Owner's Drawings	Rev	Exp
May 1.	+\$7000						+\$7000			
2.	-900									-\$900
3.			+\$600			+\$600				
5.	-125									-125
9.	+4000									
12.	-1000								+\$4000	
15.		+\$5400					-\$1000			
17.	-2500							+\$5400		
20.	-600									-2500
23.	+4000	-4000				-600				
26.	+5000				+\$5000					
29.			+\$4200			+4200				
30.	-275									-275
	<u>\$14600</u>	<u>+\$1400</u>	<u>+\$600</u>	<u>+\$4200</u>	<u>\$5000</u>	<u>+\$4200</u>	<u>+\$7000</u>	<u>-\$1000</u>	<u>+\$9400</u>	<u>-\$3800</u>
	\$20,800				\$20,800					

⑤

Matrix Consulting

Income statement

For the month ended May 31, 2017

Revenues

Service Revenues = \$9400

Expenses

Salaries and wages expenses = \$2500

Rent expense = \$900

Utility expense = \$275

Advertising expense = \$125

Total Expenses

= \$3800

Net income

= \$5,600

(c) **MATRIX CONSULTING**
Balance sheet
May 31, 2017

Assets

Cash = \$ 14,600
 Accounts Receivable = \$ 1,400
 Supplies = \$ 600
 Equipment = \$ 4,200

Total Assets = \$ 20,800

Liabilities and Owner's Equity

Liabilities

Notes payable = \$ 5,000
 Accounts payable = \$ 4,200

Total Liabilities = \$ 9,200

Owner's Equity

Owner's Capital = \$ 11,600

Total Liabilities and Owner's equity = \$ 20,800

N.B. Here, owner's capital = (Investment + net income - drawings) = (\$7,000 + \$5,600 - \$1,000) = \$11,600