**P2-1A** Holz Disc Golf Course was opened on March 1 by Ian Holz. The following selected events and transactions occurred during March.

Mar. 1 Invested $20,000 cash in the business.

3 Purchased Rainbow Golf Land for $15,000 cash. The price consists of land

$12,000, shed $2,000, and equipment $1,000. (Make one compound entry.)

5 Paid advertising expenses of $900.

6 Paid cash $600 for a one-year insurance policy.

10 Purchased golf discs and other equipment for $1,050 from Stevenson Company payable in 30 days.

18 Received $1,100 in cash for golf fees (Holz records golf fees as service revenue).

19 Sold 150 coupon books for $10 each. Each book contains 4 coupons that enable the holder to play one round of disc golf.

25 Withdrew $800 cash for personal use.

30 Paid salaries of $250.

30 Paid Stevenson Company in full.

31 Received $2,700 cash for golf fees.

Instruction: (a)Journalize the transactions (b) Prepare ledger accounts (c) Prepare trial balance

**Solution:** (a)General Journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Account Titles & Explanations | Ref. | Debit | Credit |
| March 1 | Cash  Owner’s capital  (Owner’s investment in business.) |  | 20,000 | 20,000 |
| ,, 3 | Land  Building  Equipment  Cash  (Purchased land, shed, and equipment in cash.) |  | 12,000  2,000  1,000 | 15,000 |
| ,, 5 | Advertising expense  Cash  (Paid advertising expense in cash) |  | 900 | 900 |
| ,, 6 | Prepaid insurance  Cash  (Paid advance insurance premium) |  | 600 | 600 |
| ,, 10 | Equipment  Accounts payable  (Purchased equipment on account) |  | 1050 | 1050 |
| ,, 18 | Cash  Service revenue  (Received golf fees) |  | 1100 | 1100 |
| ,, 19 | Cash  Unearned service revenue  (Received cash to provide future service) |  | 1500 | 1500 |
| ,, 25 | Owner’s drawing  Cash  (Withdrew cash for personal use) |  | 800 | 800 |
| ,, 30 | Salaries & wages expense  Cash  (Paid salaries of employees) |  | 250 | 250 |
| ,, 30 | Accounts payable  Cash  (Paid dues of Stevenson Co.) |  | 1050 | 1050 |
| ,, 31 | Cash  Service revenue  (Received cash for service provided) |  | 2700 | 2700 |

(b) Ledger Accounts

Cash

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 1 |  |  | 20,000 |  | 20,000 |
| 3 |  |  |  | 15,000 | 5,000 |
| 5 |  |  |  | 900 | 4,100 |
| 6 |  |  |  | 600 | 3,500 |
| 18 |  |  | 1,100 |  | 4,600 |
| 19 |  |  | 1,500 |  | 6,100 |
| 25 |  |  |  | 800 | 5,300 |
| 30 |  |  |  | 250 | 5,050 |
| 30 |  |  |  | 1,050 | 4,000 |
| 31 |  |  | 2,700 |  | 6,700 |

Owner’s Capital

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 1 |  |  |  | 20,000 | 20,000 |

Land

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 3 |  |  | 12,000 |  | 12,000 |

Building

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 3 |  |  | 2,000 |  | 2,000 |

Equipment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 3 |  |  | 1,000 |  | 1,000 |
| 10 |  |  | 1050 |  | 2050 |

Advertising expense

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 5 |  |  | 900 |  | 900 |

Prepaid insurance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 6 |  |  | 600 |  | 600 |

Accounts payable

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 10 |  |  |  | 1050 | 1050 |
| 30 |  |  | 1050 |  | 0 |

Service revenue

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 18 |  |  |  | 1,100 | 1,100 |
| 31 |  |  |  | 2,700 | 3,800 |

Unearned service revenue

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 19 |  |  |  | 1,500 | 1,500 |

Owner’s drawing

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 25 |  |  | 800 |  | 800 |

Salaries & wages expense

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| March 30 |  |  | 250 |  | 250 |

(c)

Holz Disc Golf Course

Trial Balance

March 31, 2020

|  |  |  |
| --- | --- | --- |
| Accounts | Debit | Credit |
| Cash | 6,700 |  |
| Owner’s capital |  | 20,000 |
| Land | 12,000 |  |
| Building | 2,000 |  |
| Equipment | 2,050 |  |
| Advertising expense | 900 |  |
| Prepaid insurance | 600 |  |
| Accounts payable | - | - |
| Service revenue |  | 3,800 |
| Unearned service revenue |  | 1,500 |
| Owner’s drawing | 800 |  |
| Salaries & wages expense | 250 |  |
| Total | 25,300 | 25,300 |

**P2-2A** Emily Valley is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred.

April 1 Invested $20,000 cash in her business.

1 Hired a secretary-receptionist at a salary of $700 per week payable monthly.

2 Paid office rent for the month $1,100.

3 Purchased dental supplies on account from Dazzle Company $4,000.

10 Performed dental services and billed insurance companies $5,100.

11 Received $1,000 cash advance from Leah Mataruka for an implant.

20 Received $2,100 cash for services performed from Michael Santos.

30 Paid secretary-receptionist for the month $2,800.

30 Paid $2,400 to Dazzle for accounts payable due.

Instruction: Journalize the transactions

**Solution:** General Journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Account Titles & Explanations | Ref. | Debit | Credit |
| April 1 | Cash  Owner’s capital  (Owner’s investment in business) |  | 20,000 | 20,000 |
| ,, 1 | No entry |  |  |  |
| ,, 2 | Rent expense  Cash  (Paid rent expense for the month) |  | 1100 | 1100 |
| ,, 3 | Supplies  Accounts payable  (Purchased supplies on account) |  | 4,000 | 4,000 |
| ,, 10 | Accounts receivable  Service revenue  (Performed service on account) |  | 5,100 | 5,100 |
| ,, 11 | Cash  Unearned service revenue  (Received cash to provide future service) |  | 1,000 | 1,000 |
| ,, 20 | Cash  Service revenue  (Received cash for service performed) |  | 2,100 | 2,100 |
| ,, 30 | Salaries & wages expense  Cash  (Paid salary of secretary receptionist) |  | 2,800 | 2,800 |
| ,, 30 | Accounts payable  Cash  (Paid dues of Dazzle Co.) |  | 2,400 | 2,400 |

**P2-3A** Maquoketa Services was formed on May 1, 2017. The following transactions took place during the first month.

1. Jay Bradford invested $40,000 cash in the company, as its sole owner.

2. Hired two employees to work in the warehouse. They will each be paid a salary of $3,050 per month.

3. Signed a 2-year rental agreement on a warehouse; paid $24,000 cash in advance for the first year.

4. Purchased furniture and equipment costing $30,000. A cash payment of $10,000 was made immediately; the remainder will be paid in 6 months.

5. Paid $1,800 cash for a one-year insurance policy on the furniture and equipment.

6. Purchased basic office supplies for $420 cash.

7. Purchased more office supplies for $1,500 on account.

8. Total revenues earned were $20,000—$8,000 cash and $12,000 on account.

9. Paid $400 to suppliers for accounts payable due.

10. Received $3,000 from customers in payment of accounts receivable.

11. Received utility bills in the amount of $380, to be paid next month.

12. Paid the monthly salaries of the two employees, totaling $6,100.

Instruction: Journalize the transactions

**Solution:** General Journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Account Titles & Explanations | Ref. | Debit | Credit |
| May 1 | Cash  Owner’s capital |  | 40,000 | 40,000 |
| ,, 2 | No entry |  |  |  |
| ,, 3 | Prepaid rent  Cash |  | 24,000 | 24,000 |
| ,, 4 | Furniture & Equipment  Cash  Accounts payable |  | 30,000 | 10,000  20,000 |
| ,, 5 | Prepaid insurance  Cash |  | 1800 | 1800 |
| ,, 6 | Supplies  Cash |  | 420 | 420 |
| ,, 7 | Supplies  Accounts payable |  | 1,500 | 1,500 |
| ,, 8 | Cash  Accounts receivable  Service revenue |  | 8,000  12,000 | 20,000 |
| ,, 9 | Accounts payable  Cash |  | 400 | 400 |
| ,, 10 | Cash  Accounts receivable |  | 3000 | 3000 |
| ,, 11 | Utility expense  Accounts payable |  | 380 | 380 |
| ,, 12 | Salaries expense  Cash |  | 6,100 | 6,100 |