October transactions of Pioneer Advertising Agency:

1. On October 1, C. R. Byrd invests $10,000 cash in an advertising company called Pioneer Advertising Agency.
2. On October 1, Pioneer purchases office equipment costing $5,000 by signing a 3-month, 12%, $5,000 note payable.
3. On October 2, Pioneer receives a $1,200 cash advance from R. Knox, a client, for advertising services that are expected to be completed by December 31.
4. On October 3, Pioneer pays office rent for October in cash, $900.
5. On October 4, Pioneer pays $600 for a one-year insurance policy that will expire next year on September 30.
6. On October 5, Pioneer purchases an estimated 3-month supply of advertising materials on account from Aero Supply for $2,500.
7. On October 9, Pioneer hires four employees to begin work on October 15. Each employee is to receive a weekly salary of $500 for a 5-day work week, payable every 2 weeks—first payment made on October 26.
8. On October 20, C. R. Byrd withdraws $500 cash for personal use.
9. On October 26, Pioneer owes employee salaries of $4,000 and pays them in cash. (See October 9 transaction.)
10. On October 31, Pioneer receives $10,000 in cash from Copa Company for advertising services provided in October.

**General Journal**

| **Date** | **Account Titles and Explanation** | **Ref.** | **Debit** | **Credit** |
| --- | --- | --- | --- | --- |
| 2010  Oct. 1 | Cash  C. R. Byrd, Capital  (Owner’s investment of cash in business) |  | 10,000 | 10,000 |
| 1 | Office Equipment  Notes Payable  (Issued 3-month, 12% note for office equipment) |  | 5,000 | 5,000 |
| 2 | Cash  Unearned Revenue  (Received cash from R. Knox for future service) |  | 1,200 | 1,200 |
| 3 | Rent Expense  Cash  (Paid October rent) |  | 900 | 900 |
| 4 | Prepaid Insurance  Cash  (Paid one-year policy; effective date  October 1) |  | 600 | 600 |
| 5 | Advertising Supplies  Accounts Payable  (Purchased supplies on account from  Aero Supply) |  | 2,500 | 2,500 |
| 20 | C. R. Byrd, Drawing  Cash  (Withdrew cash for personal use) |  | 500 | 500 |
| 26 | Salaries Expense  Cash  (Paid salaries to date) |  | 4,000 | 4,000 |
| 31 | Cash  Service Revenue  (Received cash for services provided) |  | 10,000 | 10,000 |

General Ledger

Cash

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 1  2  3  4  20  26  31 |  |  | 10,000  1,200  10,000 | 900  600  500  4,000 | 10,000  11,200  10,300  9,700  9200  5,200  15,200 |

C. R. Byrd, Capital

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 1 |  |  |  | 10,000 | 10,000 |

Office Equipment

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 1 |  |  | 5,000 |  | 5,000 |

Notes Payable

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 1 |  |  |  | 5,000 | 5,000 |

Unearned Revenue

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 2 |  |  |  | 1,200 | 1,200 |

Rent Expense

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct. 3 |  |  | 900 |  | 900 |

Prepaid Insurance

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 4 |  |  | 600 |  | 600 |

Advertising Supplies

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 5 |  |  | 2,500 |  | 2,500 |

Accounts Payable

| Date | Explanation | | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- | --- |
| 2010, Oct 5 | |  |  |  | 2,500 | 2,500 |

C. R. Byrd, Drawing

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 20 |  |  | 500 |  | 500 |

Salaries Expense

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 26 |  |  | 4,000 |  | 4,000 |

Service Revenue

| Date | Explanation | Ref | Debit | Credit | Balance |
| --- | --- | --- | --- | --- | --- |
| 2010, Oct 31 |  |  |  | 10,000 | 10,000 |