**Financial Accounting *Homework 2***

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**E 3-10**

***(a) Answer:***

Based on the debit-credit analysis for each transaction we can journalize the transactions as follow:

*Oct. 1*

*Dr.* Cash $30,000

*Cr.* Common Stocks $30,000

*Oct. 3*

*Dr.* Equipment $3,800

*Cr.* Account Payable $3,800

*Oct. 6*

*Dr.* Account Receivable $10,800

*Cr.* Service Revenue $10,800

*Oct. 10*

*Dr.* Cash $140

*Cr.* Service Revenue $140

*Oct. 27*

*Dr.* Account Payable $700

*Cr.* Cash $700

*Oct. 30*

*Dr.* Salaries and Wages Expenses $3,000

*Cr.* Cash $3,000

So, the **T accounts** of the transactions should be:

|  |  |
| --- | --- |
| **Equipment** | |
| 3. $3,800 |  |
| **Bal.$3,800** |  |

|  |  |
| --- | --- |
| **Cash** | |
| 1. $30,000  10. $140 | 27. $700  30. $3,000 |
| **Bal.$26,440** |  |

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| --- | --- |
| **Account Payable** | |
| 27. $700 | 3. $3,800 |
|  | **Bal. $3,100** |

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| --- | --- |
| **Account Receivable** | |
| 6. $10,800 |  |
| **Bal.$10,800** |  |

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| --- | --- |
| **Service Revenue** | |
|  | 6. $10,800  10. $140 |
|  | **Bal.$10,940** |

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| --- | --- |
| **Common Stocks** | |
|  | 1. $30,000 |
|  | **Bal.$30,000** |

|  |  |
| --- | --- |
| **Salaries and Wages Expenses** | |
| 30. $3,000 |  |
| **Bal.$3,000** |  |

***(b) Answer:***

The **Trail Balance** at October 31, 2012 should be:

|  |  |  |
| --- | --- | --- |
| **Trail Balance** | | |
|  | Debit | Credit |
| Cash | $26,440 |  |
| Equipment | $3,800 |  |
| Account Receivable | $10,800 |  |
| Account Payable |  | $3,100 |
| Common Stocks |  | $30,000 |
| Service Revenue |  | $10,940 |
| Salaries and Wages Expenses | $3,000 |  |
|  | **$44,040** | **$44,040** |

**P 3-5 B**

***(a) Answer:***

We can journalize the transactions, including explanations like:

*May. 1*

*Dr.* Cash $40,000

*Cr.* Common Stocks $40,000

*(Issued stock for cash.)*

*May. 3*

*Dr.* Supplies $800

*Cr.* Account Payable $800

*(Purchase supplies on account.)*

*May. 7*

*Dr.* Rent Expenses $1,400

*Cr.* Cash $1,400

*(Paid office rent on cash.)*

*May. 11*

*Dr.* Accounts Receivable $1,500

*Cr.* Service Revenue $1,500

*(Billed client for services provided.)*

*May. 12*

*Dr.* Cash $4,200

*Cr.* Unearned Service Revenue $4,200

*(Received advance.)*

*May. 17*

*Dr.* Cash $3,300

*Cr.* Service Revenue $3,300

*(Received revenue for services.)*

*May. 31*

*Dr.* Salaries and Wags Expense $2,000

*Cr.* Cash $2,000

*(Paid salary.)*

*May. 31*

*Dr.* Account Payable $400

*Cr.* Cash $400

*(Paid balance.)*

***(b) Answer:***

We can post to the leger **T accounts** as follow:

|  |  |
| --- | --- |
| **Cash** | |
| 1. $40,000  12. $4,200  17. $3,300 | 7. $1,400  31. $2,000  31. $400 |
| **Bal.$43,700** |  |

|  |  |
| --- | --- |
| **Supplies** | |
| 3. $800 |  |
| **Bal.$800** |  |

|  |  |
| --- | --- |
| **Account Payable** | |
| 31. $400 | 3. $800 |
|  | **Bal.$400** |

|  |  |
| --- | --- |
| **Unearned Service Revenue** | |
|  | 12. $4,200 |
|  | **Bal.$4,200** |

B

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| --- | --- |
| **Common Stock** | |
|  | 1. $40,000 |
|  | **Bal.$40,000** |

|  |  |
| --- | --- |
| **Rent Expenses** | |
| 7. $1,400 |  |
| **Bal.$1,400** |  |

|  |  |
| --- | --- |
| **Account Receivable** | |
| 11. $1,500 |  |
| **Bal.$1,500** |  |

|  |  |
| --- | --- |
| **Service Revenue** | |
|  | 11. $1,500  17. $3,300 |
|  | **Bal.$4,800** |

|  |  |
| --- | --- |
| **Salaries and Wages Expense** | |
| 31. $2,000 |  |
| **Bal.$2,000** |  |

***(c) Answer:***

The **Trail Balance** on May 31, 2012 should be:

|  |  |  |
| --- | --- | --- |
| **Trail Balance** | | |
|  | Debit | Credit |
| Cash | $43,700 |  |
| Supplies | $800 |  |
| Account Receivable | $1,500 |  |
| Account Payable |  | $400 |
| Unearned Service Revenue |  | $4,200 |
| Common Stocks |  | $40,000 |
| Rent Expense | $1,400 |  |
| Service Revenue |  | $4,800 |
| Salaries and Wages Expense | $2,000 |  |
|  | **$49,400** | **$49,400** |