**Problem 2-1**

**Instructions:**

1. Journalize the transactions.
2. Post to the ledger accounts.
3. Prepare a trial balance on May 31, 20XX.

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| --- | --- | --- | --- | --- |
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| Date | Account Titles and Explanations | Ref | Debit | Credit |
| May 1 | Cash | 101 | 20,000 |  |
|  | Share Capital – Ordinary | 311 |  | 20,000 |
|  | (Investment by shareholders) |  |  |  |
| 2 | No entry – not a transaction |  |  |  |
| 3 | Supplies | 126 | 1,500 |  |
|  | Accounts Payable | 201 |  | 1,500 |
|  | (Purchased supplies on account) |  |  |  |
| 11 | Accounts Receivable | 112 | 2,800 |  |
|  | Service Revenue | 400 |  | 2,800 |
|  | (Provided service on account) |  |  |  |
| 12 | Cash | 101 | 3,500 |  |
|  | Unearned Service Revenue | 209 |  | 3,500 |
|  | (Received cash advance for future service) |  |  |  |
| 17 | Cash | 101 | 1,200 |  |
|  | Service Revenue | 400 |  | 1,200 |
|  | (Received cash for service provided) |  |  |  |
| 31 | Salaries and Wages Expense | 726 | 2,000 |  |
|  | Cash | 101 |  | 2,000 |
|  | (Paid salary to secretary) |  |  |  |
| 31 | Accounts Payable | 201 | 600 |  |
|  | Cash | 101 |  | 600 |
|  | (Paid to supplier on account) |  |  |  |
| 31 | Rent Expense | 729 | 900 |  |
|  | Cash | 101 |  | 900 |
|  | (Paid rent for the month) |  |  |  |
|  |  |  |  |  |

2. General ledgers

|  |  |
| --- | --- |
| Cash | No. 101 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 1 |  | J 1 | 20,000 |  | 20,000 |
| 12 |  | J 1 | 3,500 |  | 23,500 |
| 17 |  | J 1 | 1,200 |  | 24,700 |
| 31 |  | J 1 |  | 2,000 | 22,700 |
| 31 |  | J 1 |  | 600 | 22,100 |
| 31 |  | J 1 |  | 900 | 21,200 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Accounts Receivable | | | | | No. 112 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 11 |  | J 1 | 2,800 |  | 2,800 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Supplies | | | | | No. 126 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 3 |  | J 1 | 1,500 |  | 1,500 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Accounts Payable | | | | | No. 201 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 3 |  | J 1 |  | 1,500 | 1,500 |
| 31 |  | J 1 | 600 |  | 900 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Unearned Service Revenue | | | | | No. 209 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 12 |  | J 1 |  | 3,500 | 3,500 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Share Capital – Ordinary | | | | | No. 311 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 1 |  | J 1 |  | 20,000 | 20,000 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Service Revenue | | | | | No. 400 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 11 |  | J 1 |  | 2,800 | 2,800 |
| 17 |  | J 1 |  | 1,200 | 4,000 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Salaries & Wages Expense | | | | | No. 726 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 31 |  | J 1 | 2,000 |  | 2,000 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Rent Expense | | | | | No. 729 |
| Date | Explanation | Ref. | Debit | Credit | Balance |
| May 31 |  | J 1 | 900 |  | 900 |
|  |  |  |  |  |  |

c.

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| Eva Le, Inc. |
| Trial Balance |
| May 31, 20XX |

|  |  |  |  |
| --- | --- | --- | --- |
| Account Number | Account Titles | Debit | Credit |
| 101 | Cash | 21,200 |  |
| 112 | Accounts Receivable | 2,800 |  |
| 126 | Supplies | 1,500 |  |
| 201 | Accounts Payable |  | 900 |
| 209 | Unearned Service Revenue |  | 3,500 |
| 311 | Share Capital - Ordinary |  | 20,000 |
| 400 | Service Revenue |  | 4,000 |
| 726 | Salaries and Wages Expense | 2,000 |  |
| 729 | Rent Expense | 900 |  |
|  | Total | 28,400 | 28,400 |
|  |  |  |  |