

**Solution:**

(1)

Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
<b>January 27</b>		+\$7,100	-\$100,000
		(FCIA Payable)	(Salaries & wages
		+\$22,000	expense)
		(Income Taxes Payable)	
		+\$6,000	
		(Deposits to Credit Union)	
		+\$64,900	
		(Salaries & wages Payable)	
<b>January 30</b>	-\$100,000	-\$7,100	
	(paid in cash)	(FCIA Payable)	
		-\$22,000	
		(Income Taxes Payable)	
		-\$6,000	
		(Deposits to Credit Union)	
		-\$64,900	
		(Salaries & wages Payable)	

(2)

JOURNAL ENTRIES FOR THE WAGES (in \$)			
Name: Massengill Co.			
Date	Particulars	Debit	Credit
January 27	Salaries & Wages Expense	100,000	
	To FCIA Payable		7,100
	To Income Tax Payable		22,000
	To Credit Unions Deposit Payable		8,000
	To Salaries & Wages Payable		64,900
January 30	FCIA Payable	7,100	
	Income Tax Payable	22,000	
	Credit Unions Deposit Payable	8,000	
	Salaries & Wages Payable	64,900	
	To Cash		100,000

(3)

JOURNAL ENTRIES FOR THE ADDITIONAL EXPENSES (in \$)			
Name: Massengill Co.			
Date	Particulars	Debit	Credit
January 27	Employee Compensation Expenses	24,000	
	To Payroll Taxes Payable		9,000
	To Insurance Payable		7,000
	To Employee Pension		8,000
January 30	Payroll Taxes Payable	9,000	
	Insurance Payable	7,000	
	Employee Pension	8,000	
	To Cash		24,000