# Relic Spotter Inc. Case: Transaction 7

- (7) On June 15, Park ordered $2,000 of sundries inventory (e.g., water bottles, energy bars, etc.) to be delivered on June 30. Park was able to purchase the inventory "on account", which meant she had up to 30 days after delivery to pay the supplier

- Journal Entry

| (7) | 6/30/12 | Dr. Inventory (+A) | 2,000 | |
|-----|---------|--------------------|-------|-------|
|     |         | Cr. Accounts Payable (+L) |  | 2,000 |

# Relic Spotter Inc. Case: Transaction 7

- **Journal Entry**

  (7)   6/30/12     **Dr. Inventory (+A)**                               **2,000**

                          **Cr. Accounts Payable (+L)**                               **2,000**


|  | Inventory (A) | | | Accounts Payable (L) | |
|---|---|---|---|---|---|
| (7) | 2,000 | | | 2,000 | (7) |

# Relic Spotter Inc. Case: Transaction 8

- (8) On June 30, Park paid $2,100 for a three-year site license to use geo-contour mapping software in the metal detectors

- Journal Entry

  (8)  6/30/12    Dr. Software (+A)                          2,100

                        Cr. Cash (-A)                                2,100

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# Relic Spotter Inc. Case: Transaction 8

- **Journal Entry**

  (8) 6/30/12    **Dr. Software (+A)**        2,100

                **Cr. Cash (-A)**        2,100

|  | Cash (A) |  |  | Software (A) |  |
|---|---|---|---|---|---|
| (1) 250,000 | 3,900 | (3) | **(8)** | **2,100** | |
|  | 31,000 | (4) | | | |
|  | 33,000 | (5) | | | |
|  | 120,000 | (6) | | | |
|  | **2,100** | **(8)** | | | |

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# Relic Spotter Inc. Case: Transaction 9

- (9) On June 30, Park signed a contract with a local advertising agency to provide various forms of advertising for a period of one year. She paid $8,000 upfront for advertising through June 30, 2013

- Journal Entry

  (9)   6/30/12     Dr. Prepaid Advertising (+A)                8,000

                            Cr. Cash (-A)                                            8,000

# Relic Spotter Inc. Case: Transaction 9

- **Journal Entry**

  (9)   6/30/12     Dr. Prepaid Advertising (+A)                    8,000

                              Cr. Cash (-A)                                    8,000

Cash (A)

| | | |
|---|---|---|
| (1)   250,000 | 3,900 | (3) |
| | 31,000 | (4) |
| | 33,000 | (5) |
| | 120,000 | (6) |
| | 2,100 | (8) |
| | **8,000** | **(9)** |

Prepaid Advertising (A)

| | |
|---|---|
| **(9)      8,000** | |

# Relic Spotter Inc. Case: Transaction 10

- (10) On June 30, Park needed cash to make a payment on the Imperial Bank loan that funded her purchase of Relic Spotter stock.  She borrowed $5,000 from Relic Spotter at 10% interest, with the principal and interest due in a lump sum on June 30, 2013

- Journal Entry

   (10)  6/30/12     Dr. Notes Receivable (+A)                          5,000
                               Cr. Cash (-A)                                              5,000

# Relic Spotter Inc. Case: Transaction 10

- **Journal Entry**

  (10)  6/30/12    Dr. Notes Receivable (+A)                    5,000

                            Cr. Cash (-A)                                5,000

Cash (A)

| (1) 250,000 | 3,900 | (3) |
|---|---|---|
|  | 31,000 | (4) |
|  | 33,000 | (5) |
|  | 120,000 | (6) |
|  | 2,100 | (8) |
|  | 8,000 | (9) |
|  | **5,000** | **(10)** |

Notes Receivable (A)

| **(10)** | **5,000** |  |
|---|---|---|

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# Relic Spotter Inc. Case: Transaction 11

- (11) On June 30, Park also hired two employees, Linda Carlyle and Charlotte Cafferly, to run the shop.  They signed employment contracts promising each salaries of $32,000 per year

- Journal Entry

  (11)  6/30/12      No entry for employment contracts; work must be performed or cash paid before any entry is recorded

# Relic Spotter Inc. Case: Transaction 12

- **(12) On June 30, Girard called from St. Tropez to check in on the business. Upon hearing that Relic Spotter only had $47,000 of cash left in the bank, Girard became concerned about his investment.**

Cash (A)

| | | | |
|---|---|---|---|
| (1) | 250,000 | 3,900 | (3) |
| | | 31,000 | (4) |
| | | 33,000 | (5) |
| | | 120,000 | (6) |
| | | 2,100 | (8) |
| | | 8,000 | (9) |
| | | 5,000 | (10) |
| **Bal.** | **47,000** | | |

# Relic Spotter Inc. Case: Transaction 12

- (12) On June 30, Girard called from St. Tropez to check in on the business.  Upon hearing that Relic Spotter only had $47,000 of cash left in the bank, Girard became concerned about his investment.  Thinking fast, Park stated that she was so confident of Relic Spotter's prospects that she was declaring a $0.10 per share dividend, to be paid on August 31 ($2,500).  This dividend seemed to reassure Girard

- Journal Entry

  (12)  6/30/12     Dr. Retained Earnings (-SE)                 2,500

                         Cr. Dividends Payable (+L)                     2,500

# Relic Spotter Inc. Case: Transaction 12

- **Journal Entry**

  (12)  6/30/12     Dr. Retained Earnings (-SE)                    2,500
                          Cr. Dividends Payable (+L)                       2,500


|  Retained Earnings (SE)  |  | Dividends Payable (L) | |
|---|---|---|---|
| (12)  2,500 | | | 2,500   (12) |
| | | | |

# Relic Spotter Inc. Case: Transaction 13

- (13) Relic Spotter opened for business on July 1, 2012, just in time for the big Independence Day weekend. On July 31, Park paid the supplier the $2,000 it was owed

- Journal Entry

  (13) 7/31/12     Dr. Accounts Payable (-L)                2,000
                         Cr. Cash (-A)                                      2,000

# Relic Spotter Inc. Case: Transaction 13

- **Journal Entry**

  (13) 7/31/12    Dr. Accounts Payable (-L)                    2,000
  
                        Cr. Cash (-A)                                    2,000

Cash (A)

| | |
|---|---|
| (1)   250,000 | 3,900        (3) |
| | 31,000       (4) |
| | 33,000       (5) |
| | 120,000     (6) |
| | 2,100        (8) |
| | 8,000         (9) |
| | 5,000        (10) |
| | **2,000        (13)** |

Accounts Payable (L)

| | |
|---|---|
| **(13)   2,000** | 2,000        (7) |

# Relic Spotter Inc. Case: Transaction 14

- (14) On August 31, Park paid the $2,500 dividend that had been declared in June

- Journal Entry

  (14)  8/31/12    Dr. Dividends Payable (-L)            2,500

                        Cr. Cash (-A)                              2,500

# Relic Spotter Inc. Case: Transaction 14

- **Journal Entry**

  **(14)  8/31/12     Dr. Dividends Payable (-L)                      2,500**

  **                     Cr. Cash (-A)                                         2,500**

| Cash (A) | |
|---|---|
| (1)   250,000 | 3,900      (3) |
| | 31,000     (4) |
| | 33,000     (5) |
| | 120,000    (6) |
| | 2,100      (8) |
| | 8,000      (9) |
| | 5,000     (10) |
| | 2,000     (13) |
| | **2,500     (14)** |

| Dividends Payable (L) | |
|---|---|
| **(14)   2,500** | 2,500    (12) |