

TECHNO ENTREPRENEURIAL LEADERSHIP

IIT Kharagpur

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Assignment 1

Driveway Car Rental is a car rental business founded by two enterprising individuals, Sarah Smith and John Davis. The business, located in a bustling urban area, provides a wide range of vehicles for rent, catering to both short-term and long-term customers. To ensure the success of their venture, Sarah and John have hired you as their accounting consultant to record the financial transactions for the month of October.

Here are 20 transactions that occurred during October:

- 1. Sarah and John invested \$50,000 each in cash to start the business.*
- 2. Driveway purchased 10 vehicles on credit for a total of \$200,000.*
- 3. Paid \$5,000 in rent for the office space for the month.*
- 4. Collected \$10,000 in cash from customers for vehicle rentals.*
- 5. Paid \$2,500 for vehicle insurance for the month.*
- 6. Driveway earned \$15,000 in rental income, of which \$7,000 was received in cash.*
- 7. Repaid \$20,000 of the vehicle purchase on credit.*
- 8. Received a \$3,000 loan from a local bank.*
- 9. Paid \$1,200 in utility bills for the office.*
- 10. Driveway spent \$500 on advertising.*
- 11. Incurred \$3,000 in fuel expenses.*
- 12. Sarah withdrew \$2,000 in cash for personal use.*
- 13. Driveway rented out five more vehicles, collecting \$5,000 in cash.*
- 14. Paid \$1,800 in vehicle maintenance expenses.*
- 15. John withdrew \$3,000 in cash for personal use.*
- 16. Driveway repaid \$2,000 of the bank loan.*
- 17. Paid a \$2,000 dividend to the owners.*
- 18. Received a \$4,000 refund from a supplier.*
- 19. Earned \$10,000 in rental income, all received in cash.*

20. *Driveway purchased office supplies for \$800 on credit..* Your task is to prepare journal entries for each of these transactions, following generally accepted accounting principles (GAAP). Make sure to include appropriate accounts, dates, and narrations for each entry.