

**Principles of Accounting**  
**Assignment (Mid): N01**  
**Due Date: November 05, 2020, by 4:00 PM sharp**

Please show calculations, where necessary.

**Problem - 01**

Alex Ferguson Company had the following transactions during November 2019:

November 1: Issued \$100,000 in stock to owners in exchange for cash to start the business.

November 3: Borrowed \$50,000 from the bank by signing notes payable.

November 5: Purchase equipment by paying cash for \$25,000.

November 7: Paid rent of \$2,400 for the office space.

November 8: Performed services for customers and received cash immediately for \$8,000.

November 9: Purchased \$2,000 in supplies on account.

**Instructions**

Prepare a transaction analysis for the November transactions. Remember to prove the accounting equation at the end.

**Problem - 02**

On October 31, Pep Guardiola's Company, the accounting records showed the following information:

Cash	\$49,500
Accounts Receivable	125,000
Supplies	1,500
Prepaid Insurance	12,000
Equipment	70,000
Building	420,000
Land	111,500
Accounts Payable	80,000
Notes Payable	170,000
Common Stock	410,000
Retained Earnings	65,000
Dividends	20,000
Service Revenue	174,000
Interest Revenue	1,000
Salaries Expense	52,000
Advertising Expense	17,000
Insurance Expense	5,000
Utilities Expense	13,750
Interest Expense	2,750

**Instructions**

Prepare the Income Statement for year ended October 31.

Prepare the Balance Sheet for October 31.

**Problem - 03**

Prepare the financial statements of Jürgen Klopp Company using the following information:

Accounts Payable	\$43,100.00
Accounts Receivable	85,000.00
Cash	55,320.00
Common Stock	125,000.00
Dividends	28,000.00
Machinery	70,000.00
Rent Expense	24,000.00
Retained Earnings	70,000.00
Salaries Expense	65,000.00
Service Revenue	165,320.00
Supplies	2,350.00
Trucks	60,000.00
Utilities Expense	13,750.00

**Instructions**

Classify each account by Account Type (Asset, Liability, Equity, Revenue or Expense) and which financial statement (income statement, statement of retained earnings, or balance sheet) it appears on.

Prepare the Income Statement, Statement of Retained Earnings and Balance Sheet for the month ended October 31.

**Problem - 04**

Zinedine Zidane's Accounting Company has the following account balances: Cash, \$5,000; Accounts Receivable, \$2,000; Prepaid Rent \$1,500; Supplies, \$850; Equipment, \$6,000; Trucks, \$15,000; Accounts Payable, \$2,500; Common Stock, \$20,000; Retained Earnings \$7,850. Business transactions during October are presented as follows:

Company received cash from clients for services, \$4,500

1. Zidane paid to creditors \$500
2. Paid office rent for the month of October, \$750
3. Company billed client for accounting services on account, \$5,200
4. Supplies were purchased on account, \$650
5. Company received cash from clients billed previously, \$6,000
6. Zidane received an invoice for office equipment repair services from Office Extra for October (the invoice will be paid next month), \$850
7. Zidane paid monthly salaries, \$2,700
8. Utilities expense were paid, \$280
9. Miscellaneous expense were paid, \$350
10. Dividends were paid, \$550.

**Instructions**

Apply the basic accounting equation to complete a transaction analysis for each transaction.

Prepare income statement at the end of October 31.

Prepare statement of retained earnings equity at the end of October 31.

Prepare balance sheet at the end of October 31.

**Problem - 05**

Carlo Ancelotti Company has the following account balances: Cash, \$6,000; Accounts Receivable, \$7,000; Prepaid Rent, 1,900; Prepaid Insurance, \$1,200 Supplies, \$950; Equipment, \$7,000; Trucks, \$10,000; Accounts Payable, \$2,700; Common Stock \$25,000; Retained Earnings \$6,350. Business transactions during October are presented as follows:

1. Company received cash from clients for services, \$7,500
2. Carlo paid creditors, \$600
3. Paid office rent for the month of October, \$950
4. Company billed client for accounting services on account, \$8,200
5. Supplies were purchased on account, \$450
6. Company received cash from clients billed previously, \$4,200
7. Carlo received an invoice for services from PlusMinus for October (the invoice will be paid next month), \$550
8. Carlo paid monthly salaries, \$4,700
9. Utilities expense were paid, \$380
10. Miscellaneous expense were paid, \$250
11. Paid for monthly insurance, \$200
12. Dividends were paid, \$750.

**Instructions**

Apply the basic accounting equation to complete a transaction analysis for each transaction.

Prepare income statement at the end of October 31.

Prepare statement of retained earnings equity at the end of October 31.

Prepare balance sheet at the end of October 31.

**Problem - 06**

Record the following transactions in the Journal and post them into ledger and prepare a Trail Balance.

Oct 1	Castagne started business with a capital of cash \$80,000
3	Bought equipment's from Gabriel on credit \$20,000
4	Sold goods to Struijk \$25,000
5	Cash purchases of machineries \$25,000
7	Cash sales \$15,000
9	Equipment's returned to Gabriel \$2,000
10	Bought furniture for \$15,000
11	Cash paid to Gabriel \$12,000
12	Goods returned by Struijk \$3,000
14	Goods taken by Castagne for personal use \$3,000
15	Cash received from Struijk \$12,000
16	Took loan from Mitchel \$30,000
17	Salary paid \$5,000
18	Bought supplies for \$1,000
19	Amount paid to Mitchel on loan account \$18,000
20	Interest received \$4,000

**Problem - 07**

Enter the following transactions in the Journal, post them into ledger and prepare a Trail Balance.

Nov 10	Ronald Koeman started business with \$60,000
11	Bought furniture from Modern Furniture for \$10,000
12	Purchased goods for cash \$15,000
13	Purchased goods from Luis & Co for \$30,000
14	Opened a bank account by depositing \$16,000
16	Sold goods for cash \$15,000
17	Purchased stationery for \$1000 from Paul Stationery Mart
18	Sold goods to Icardi for \$10,000
19	Bought machinery for \$6,000 and payment made by cheque
20	Goods returned by Icardi for \$2,000
21	Payment to Luis & Co by cheque \$5,000
22	Withdrew from bank for personal use \$3,000
23	Interest paid through cheque \$2,000
24	Withdrew from bank for office expenses \$10,000
26	Cheque received from Icardi \$5,000
27	Paid electricity bill for \$100
29	Cash sales for \$6,000
30	Commission received by cheque \$5,000

**Problem - 08**

Alisson began professional practice as a system analyst on July 1. He plans to prepare a monthly financial statement. During July, the owner completed these transactions:

July 1. Owner invested \$500,000 cash along with computer equipment that had a market value of \$120,000 two years ago but now worth \$100,000 only.

July 2. Paid \$15,000 cash for the rent of office space for the month.

July 4. Purchased \$12,000 of additional equipment on credit (due within 30 days).

July 8. Completed a work for a client and immediately collected the \$32,000 cash.

July 10. Completed work for a client and sent a bill for \$27,000 to be paid within 30 days.

July 12. Purchased additional equipment for \$8,000 in cash.

July 15. Paid an assistant \$6,200 cash as wages for 15 days.

July 18. Collected \$15,000 on the amount owed by the client.

July 25. Paid \$12,000 cash to settle the liability on the equipment purchased.

July 28. Owner withdrew \$500 cash for personal use.

July 30. Completed work for another client who paid only \$40,000 for 50% of the system design.

July 31. Paid salary of assistant \$700.

July 31. Received telephone bill, \$1,800 and electricity bill \$3,800.

**Instructions**

Prepare the journal entries, T accounts and trial balance for this business.

**Problem – 09**

Hotel Lakeshore opened for business on November 1, 2019 with twenty economic and five air-conditioned units. Its trial balance before adjustment on January 31, 2020 is as follows.

**Hotel Lakeshore  
Trial Balance  
January 31, 2020**

Account Number		Debit	Credit
111	Cash	Tk. 19,600	
126	Supplies	3,300	
130	Prepaid Fire Insurance	6,000	
140	Land	25,000	
143	Cottages	100,000	
149	Fixtures	26,000	
201	Accounts Payable		Tk. 6,500
209	Unearned Rent Revenue		7,300
275	Notes Payable		80,000
301	Capital	75,000	
306	Drawing	5,000	
429	Rent Revenue		80,000
622	Renovate Expense	3,600	
726	Salaries Expense	51,000	
732	Utilities Expense	7,000	
790	Telephone Expense	2300	
		<u>Tk.248,800</u>	<u>Tk.248,800</u>

**Other data:**

1. Fire Insurance expires at the rate of Tk. 150 per month.
2. January 31 shows Tk. 880 of supplies on hand.
3. The fixtures have a 5-year life with no salvage value and the Cottages have 20-year life with no salvage value.
4. Unearned rent revenue of Tk. 4,100 was earned prior to January 31.
5. Salaries Payable Tk. 0. There are ten salaried employees. Salaries are paid at the end of each month. Five employees received a salary of Tk. 700 each and five employees earned Tk. 300 each.
6. Unearned Rent revenue is still unearned at January 31 totals Tk. 2,000.
7. The notes payable was issued at December 1, 2019 and the interest rate is 7.5% per year.

**Instructions:**

Journalize the **adjusting entries** on January 31, 2020.

**Problem - 10**

Mr. Salah started business with cash investment of \$500,000. He completed the following transactions.

1. He acquired a shop by paying \$36,000 as advance rent for a year.
2. Purchased furniture for shop \$64,000.
3. Purchased merchandise for cash \$200,000.
4. Sold merchandise for cash \$200,000.
5. Purchased merchandise on account from Sadio Mane \$150,000.
6. Sold merchandise on account to Robertson \$150,000.
7. Paid \$100,000 to Sadio Mane.
8. Received \$120,000 from Robertson.
9. Paid salaries \$10,000.
10. Withdrew cash \$15,000 for personal use and also took merchandise for personal use at cost \$7,000.

**Instructions**

Record the above transaction in General Journal of Mr. Salah in proper form.

**Email address to submit the assignment: [mja.aiub@hotmail.com](mailto:mja.aiub@hotmail.com)**

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