

Midterm Laboratory Activity #1

Asset, Liability, Owner's Equity, Revenue, and Expense Accounts

During November of this year, James Kirk opened an accounting practice called James Kirk, CPA. The following transactions were completed during the first month:

- a. Deposited \$13,500 in a bank account in the name of James Kirk, CPA.
- b. Paid rent for the month, \$1,600 (Rent Expense).
- c. Bought office equipment, including a computer and a printer, for \$9,500 from Bingham
- d. Company. Paid \$6,700 in cash, with the balance due in thirty days.
- e. Purchased office supplies and announcements for \$970 from City Stationers. Payment is due in thirty days.
- f. Billed clients \$5,500 for services rendered (Client Fees).
- g. Paid \$1,450 salary to secretary/assistant for the month.
- h. Paid telephone bill of \$210 (Telephone Expense).
- i. Received cash from clients previously billed on account, \$2,450.
- j. Paid Bingham Company \$970 to apply on account.
- k. Paid \$275 for continuing education course (Miscellaneous Expense).
- l. Kirk withdrew \$2,200 for personal use.

Instructions

Using MS Excel:

1. Record the transactions and the balance after each transaction, using the following headings:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Owner's Equity</u>
Cash + Accts. Rec. + Equip.		Accounts Payable		J. Kirk, + Revenue – Expenses Capital

2. Demonstrate that the total of one side of the equation equals the total of the other side of the equation.