

Chapter 6 - 2

a) Transaction Analysis of Aisha's :

Date	Description	Assets				Liabilities & owner's equity	
		Cash	A/R	Supplies	Land	A/P	Capital
	Beginning Balance	5000	4500	500	5000	5100	34900
K	Investment	30000					+ 30000
L	Service Revenue for cash	+18000					+ 8000
M	Paid off acc. payable	-5000				- 5000	+ 100
N	Purchased supp. on Acc.			+500		+ 500	
O	Cash collect on Acc.	+4300	-4300				+ 200
P	Service on Account		+6500				+ 6500
Q	Office Rent Advertising Rent Utilities Rent	-5000 -3000 -7000					- 5000 - 3000 - 7000
R	Sold supplies for cash	+200		- 220			- 20
S	Uncollectible Expense A/R		- 200				- 200
T	Purchased land	-2000			+5000	3000	
U	Salary Expenses					500	- 500
V	Withdrawal	-1000					-1000
	Total	24500	6300	780	55000	4000	82580
			86580			86580	

b) i. Aisha's Income statement -

Description	Amount	Amount
Revenues:		
Service Revenue		(8000 + 6500) = 14500
Less Expenses:		
Office Rent	- 5000	
Advertising Rent	- 3000	
Utilities Rent	- 7000	
Salary Rent	- 500	
Net Profit		1000

ii) Aisha's Owner's Equity statement (For the month ended on April 20)

Description	Amount
Beginning Capital	54900
Investment	30000
Net profit	+ 1000
Withdrawal	- 1000
Ending Capital	84900

(iii) Aisha's Balance Sheet :

Assets	Amount	Liabilities and owner's Equity	Amount
Cash	24500	Account payable	4000
A/R	6300	Capital	82580
Supplies	780		
Fixed Assets			
Land	55000		
	86580		86580

Chapter - 3

a) Shanta's journals Account —

Date	Particulars	Ref.	Debit	Credit
a	Cash Account Capital Account		15000	15000
b	Cash Account Service Account		800	800
c	Account payable Account Cash Account		8000	8000
d	Supplies Account Account Payable Account		500	500
e	Cash Account Account Revenue Account		1000	1000
f	Account Revenue Account Service Account		2500	2500
g	Office Rent Advertising utilities Cash Account		400 300 300	1000
h	Cash Account supplies Account		150	150
i	Land Cash Account Account payable Account		8000	3000 5000
j	Capital Account Cash Account		1500	1500

b) Shanta's Ledgers Account:

Cash Account

Date	Accounts	Ref	Debit	Credit	Balance	
					Debit	Credit
	Beginning Balance				12 50	
a	Capital Account		15000		16 250	
b	Service Account		800		17050	
c	Account payable			8000	9050	
d	Purchased Supplies		500		9550	
e	Account Revenue		1000		10550	
g	Office Rent Expense Advertising Expense Utilities Expense			400 300 300	9550	
h	Supplies Expense		150		9700	
i	Land			3000	6700	
j	withdrawals			1500	5200	

Capital Account

Date	Accounts	Ref	Debit	Credit	Balance	
					Debit	Credit
	Beginning Balance			6750		
a	Cash Account			15000		
j	withdrawals		1500			20250

c) Shanta's Trial Balance —

Sl	Accounts	Ref	Debit	Credit
1	Cash Account		5 200	
2	Capital Account			20 250
3	Land Account		20 000	
4	Supplies Account		350	
5	Service Revenue			3300
6	Account Receivable		3000	
7	Account Payable.			5000
	Total		28550	28550

Qns^o

Ahmed Hisam started a cable television service organization in 2018. During the first week of operations completed the following selected transactions:

Jan. 1 Investment of \$30,000 cash and a building valued at \$70,000

Jan. 2 Borrowed \$85,000 from the bank signing a note payable

Jan. 3 Paid \$50,000 for office furniture

Jan. 5 Purchased office supplies on account \$1200

Jan. 7 Received \$5,000 for cable TV service performed for customers

Jan. 8 Paid on account \$700

Required:

- Journalized the above transactions
- Post the Journal entries to the ledger
- Prepare a trial Balance.

Solution:

Journal Entries

Date	Account	Ref	Debit	Credit
1)	Cash ¹ Dr		30,000	
	Building valued ² Dr		70,000	100
	Capital ³ Cr			100000
	(Investment by owner)			
2)	Cash Dr		85,000	
	Note payable ⁴ Cr			85,000
	(borrowed from bank)			
3)	Office furniture ⁵ Dr		50,000	
	Cash ⁶ Cr			50,000
	(Paid for office furniture)			

5)	Office supplies ⁶	Dr.	1200	
	Acc. payable ⁷	Cr.		1200
(Purchased office supplies on account)				
7)	Cash	Dr.	5,000	
	Service revenue ⁸	Cr.		5,000
(received cash revenue)				
8)	Account payable	Dr.	700	
	Cash	Cr.		700
(Revenue on account)				
Total			2419 00	2419 00

Ahmed Hisham Ledger accounts

Cash account

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
1)	Capital		30,000		30,000	
2)	Note Account payable		85,000		115,000	
3)	Office furniture			50,000	65,000	50,000
4)	Service revenue		5,000		70,000	
5)	Account payable			700	69,300	

Building valued account

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
1)	Capital		70,000		70,000	

Capital account

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
1)	Cash			30,000		
	Building valued			70,000		100,000

Note payable

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
2)	Cash			85,000		85,000

Office furniture

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
3)	Account payable Cash		50,000		50,000	

Account payable

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
5)	Office Furniture Supplies		1200	1200		1200
1,8)	Cash		700			500

Office supplies

Date	Account	Ref	Debit	Credit	Balance	
					Debit	Credit
5)	Account Payable		1200		1200	

Service Revenue

Date	Account Balans	Ref	Debit	Credit	Balance	
					Debit	Credit
7)	Cash		5,000	5,000	5,000	5,000

Trial Balance

Date - - -

SL NO	Account	Ref	Debit	Credit
1)	Cash account		69,300	
2)	Building valued account		70,000	
3)	Capital account			100000
4)	Notepayable account			85,000
5)	office furniture		50,000	
6)	Account payable			500
7)	office supplies		1200	
8)	service revenue		5,000	5000
Total			190500	190500