

P2-4A The trial balance of Avtar Sandhu Co. shown below does not balance.

AVTAR SANDHU CO.

Trial Balance

June 30, 2017

	<u>Debit</u>	<u>Credit</u>
Cash		\$ 3,340
Accounts Receivable	\$ 2,812	
Supplies	1,200	
Equipment	2,600	
Accounts Payable		3,666
Unearned Service Revenue	1,100	
Owner's Capital		8,000
Owner's Drawings	800	
Service Revenue		2,480
Salaries and Wages Expense	3,200	
Utilities Expense	810	
	<u>\$12,522</u>	<u>\$17,486</u>

Each of the listed accounts has a normal balance per the general ledger. An examination of the ledger and journal reveals the following errors.

1. Cash received from a customer in payment of its account was debited for \$580, and Accounts Receivable was credited for the same amount. The actual collection was for \$850.
2. The purchase of a computer on account for \$710 was recorded as a debit to Supplies for \$710 and a credit to Accounts Payable for \$710.
3. Services were performed on account for a client for \$980. Accounts Receivable was debited for \$980, and Service Revenue was credited for \$98.
4. A debit posting to Salaries and Wages Expense of \$700 was omitted.
5. A payment of a balance due for \$306 was credited to Cash for \$306 and credited to Accounts Payable for \$360.
6. The withdrawal of \$600 cash for Sandhu's personal use was debited to Salaries and Wages Expense for \$600 and credited to Cash for \$600.

Solution:

Corrected Trial Balance

Serial No.	Accounts	Dr (\$)	Cr (\$)
1	Cash (3340+ (850-580)	3,610	
2	Accounts Receivable (2812+580-850)	2,542	
3	Supplies (1200-710)	490	
4	Equipment (2600+710)	3,310	
5	Accounts Payable (3666-306-360)		3,000
6	Unearned Service Revenue		1,100
7	Owner's Capital		8,000
8	Owner's drawings (800+ 600)	1,400	
9	Service Revenue (2480-98+980)		3,362
10	Salary & Wages Expense (3200+700-600)	3,300	
11	Utilities Expense	810	
		<u>15,462</u>	<u>15,462</u>