



AP3-2 - Ap3.2

Financial Accounting (Concordia University)



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AP3-2 Recording Journal Entries (P3-2) LO3-4

Sandro Spina is the president of TemPro Inc., a company that provides temporary employees for not-for-profit companies. TemPro has been operating for five years; its revenues are increasing with each passing year. You have been hired to help Sandro in analyzing the following transactions for the first two weeks of April:

- April 1 Purchased office supplies for \$2,600 on account.
- 3 Received the April telephone bill for \$1,950 to be paid in May.
- 5 Billed the local United Way \$23,500 for temporary services provided.
- 8 Paid \$3,005 for supplies purchased and recorded on account last period.
- 8 Placed an advertisement in the local paper for \$1,400 cash.
- 9 Purchased a new computer for the office costing \$2,300 cash.
- 10 Paid employee wages of \$11,900. Of this amount, \$3,800 had been earned and recorded in the wages payable account in the prior period.
- 11 Received \$12,500 on account from the local United Way office for services provided on April 5.
- 12 Purchased land as the site of a future office for \$50,000. Paid \$10,000 down and signed a note payable for the balance. The note is due in five years and has an annual interest rate of 10 percent.
- 13 Issued 3,000 additional shares for cash at \$45 per share in anticipation of building a new office.
- 14 Billed Family & Children's Service \$14,500 for services rendered.

Required:

Prepare a journal entry to record each of the transactions. Be sure to categorize each account as an asset (A), a liability (L), shareholders' equity (SE), a revenue (R), or an expense (E).

| <i>date</i> | account name | Debit | credit |
|------------------|---------------------------------|-------|--------|
| <i>April 1st</i> | Office supplies | 2600 | |
| | Accounts payable | | 2600 |
| <i>April 3rd</i> | Utilities expenses (e and s/e) | 1950 | |
| | Accounts payable (L) | | 1950 |
| <i>April 5th</i> | Accounts receivable (A) | 23500 | |
| | Service and revenue (r and s/e) | | 23500 |
| <i>April 8</i> | Accounts payable | 3005 | |
| | Cash (a) | | 3005 |
| <i>April 8</i> | Advertising expense (e & S/E) | 1400 | |

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|-----------------|---------------------------|---------|
| | Cash (a) | 1400 |
| <i>April 10</i> | Wages payable (l) | 3800 |
| | Wage expenses (e & s/E) | 8100 |
| | Cash (A) | 11900 |
| <i>April 11</i> | Cash (a) | 12500 |
| | Accounts receivable (A) | 12500 |
| <i>April 12</i> | Land (A) | 50 000 |
| | Cash (a) | 10000 |
| | Note payable | 40 000 |
| <i>April 13</i> | Cash (A) | 135 000 |
| | Contributed capital (S/E) | 135 000 |
| <i>April 14</i> | Accounts receivable (A) | 14500 |
| | Sales revenue (R&s/E) | 14500 |
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