ACCT203 – IP2 – Recording Transactions – Solution

NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The trial balance of Colorado Service Center on April 1, 2021, lists the entity’s assets, liabilities, and equity on that date.

**Requirements:**

1. **Open the following accounts, with the balances indicated, in the ledger of Colorado Services Center. Use the T-account format.**

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| Colorado Service Center | | | |
| Trial Balance | | | |
| April 1, 2021 | | | |
|  |  | Balance | |
|  | ACCOUNT | DEBIT | CREDIT |
|  | Cash | $35,000 |  |
|  | Equipment | $17,500 |  |
|  | Truck | $29,000 |  |
|  | Account Receivable | $4,200 |  |
|  | Account Payable |  | $5,700 |
|  | Harper, capital |  | $80,000 |
|  | Total | $85,700 | $85,700 |

During March, the business engaged in the following transactions:

1. Borrowed $49,000 from the bank and signed a notes payable in the name of the business
2. Paid cash of $26,500 to acquire land
3. Performed customer service and earned revenue on account, $5,560
4. Performed service for a customer and received cash of $5,800
5. Purchased supplies on account, $350
6. Paid $3,575 on accounts payable
7. Paid cash expense for salaries ($4,500) and rent ($2,500); make a compound entry
8. Received $3,300 on account
9. Pays $900 in cash for a 3-month auto insurance
10. Received a $255 utility bill that will be paid next week
11. Harper withdrew cash of $5,575
12. Paid maintenance expense of $230
13. **Journalize each transaction. Key journal entries by transaction letter.**

|  |  |  |  |
| --- | --- | --- | --- |
| Journal Entry | | | |
|  | **ACCOUNT** | **DEBIT** | **CREDIT** |
| **a.** | Cash | 49,000 |  |
|  | Notes Payable |  | 49,000 |
| **b.** | Land | 26,500 |  |
|  | Cash |  | 26,500 |
| **c.** |  |  |  |
|  |  |  |  |
| **d.** |  |  |  |
|  |  |  |  |
| **e.** |  |  |  |
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| **f.** |  |  |  |
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| **h.** |  |  |  |
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1. **Post the transaction to the ledger. Your general ledger cash balance uses a full ledger sheet; use the T Chart for all other accounts.**

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| **Colorado Service Center** | | | | | | |
| **General Ledger** | | | | | | |
| **Account: Cash** | | | | | Account Number: 101 | |
|  |  |  |  | | **Balance** | |
|  | **Trans.** | **Description** | **DEBIT** | **CREDIT** | **DEBIT** | **CREDIT** |
| **1** |  | Open Balance | 35,000 |  | 35,000 |  |
| **2** | **a.** | Notes Payable | 49,000 |  | 84,000 |  |
| **3** | **b.** | Land |  | 26,500 | 57,500 |  |
| **4** |  |  |  |  |  |  |
| **5** |  |  |  |  |  |  |
| **6** |  |  |  |  |  |  |
| **7** |  |  |  |  |  |  |
| **8** |  |  |  |  |  |  |
| **9** |  |  |  |  |  |  |
| **10** |  |  |  |  |  |  |
| **11** |  |  |  |  |  |  |
| **12** |  |  |  |  |  |  |
| **13** |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Equipment** | | | | | | |  | | **Truck** | | | | | | | |
| Bal | 17,500 |  | | |  | |  | | Bal | |  | |  | |  | |
| **Bal.** |  |  | | |  | |  | | **Bal.** | |  | |  | |  | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Accum. deprec. equipment** | | | | | | |  | | **Accum. deprec. truck** | | | | | | | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Bal.** |  |  | | | **0** | |  | | **Bal.** | |  | |  | | **0** | |
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| **Accounts receivable** | | | | | |  | | **Supplies** | | | | | | | |
| Bal. |  | |  |  | |  | |  | |  | |  | |  | |
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| **Bal.** |  | |  |  | |  | | **Bal.** | |  | |  | |  | |
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|  | | | | | | |  | |  | | | | | | | |
| **Land** | | | | | | |  | | **Prepaid auto insurance** | | | | | | | |
| b. | 26,500 |  | | |  | |  | |  | |  | |  | |  | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Bal.** |  |  | | |  | |  | | **Bal.** | | **900** | |  | |  | |
|  | | | | | | |  | |  | | | | | | | |
| **Accounts payable** | | | | | | |  | | **Notes payable** | | | | | | | |
|  |  | Bal. | | |  | |  | |  | |  | | a. | | 49,000 | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
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| **Bal.** |  |  | | |  | |  | | **Bal.** | |  | |  | |  | |
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| **Salary payable** | | | | | | |  | | **Utilities payable** | | | | | | | |
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| **Bal.** |  |  | | | **0** | |  | | **Bal.** | |  | |  | |  | |
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| **Unearned service revenue** | | | | | | |  | | **Service revenue** | | | | | | | |
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| **Bal.** |  |  | | | **0** | |  | | **Bal.** | |  | |  | |  | |
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| **Harper, capital** | | | | | | |  | | **Harper, drawing** | | | | | | | |
|  |  | Bal. | | |  | |  | |  | |  | |  | |  | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Bal.** |  |  | | |  | |  | | **Bal.** | |  | |  | |  | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Deprec. expense - equipment** | | | | | | |  | | **Deprec. expense - truck** | | | | | | | |
|  |  |  | | |  | |  | |  | |  | |  | |  | |
| **Bal.** | **0** |  | | |  | |  | | **Bal.** | | **0** | |  | |  | |
|  | | | | | | |  | |  | | | | | | | |
| **Insurance expense** | | | | | | |  | | **Rent expense** | | | | | | | |
| . |  |  | | |  | |  | |  | |  | |  | |  | |
| **Bal.** | **0** |  | | |  | |  | | **Bal.** | |  | |  | |  | |
|  | | | | | | |  | |  | | | | | | | |
| **Salary expense** | | | | | | |  | | **Supplies expense** | | | | | | | |
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| **Bal.** |  |  | | |  | |  | | **Bal.** | | **0** | |  | |  | |
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| **Maintenance expense** | | | | | | |
|  |  |  | | |  | |
| **Bal.** |  |  | | |  | |
|  | | | | | | |  | | **Utilities expense** | | | | | | | |
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|  |  |  | | |  | |  | | **Bal.** | |  | |  | |  | |

1. **Prepare the trial balance of Colorado Service Center at April 30, 2021.**

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| **Trial Balance** | | |
|  | | |
| **ACCOUNT** | **DEBIT** | **CREDIT** |
| **Cash** |  |  |
| **Equipment** |  |  |
| **Truck** |  |  |
| **Accum. deprec. equipment** |  |  |
| **Accum. deprec. truck** |  |  |
| **Accounts receivable** |  |  |
| **Supplies** |  |  |
| **Land** |  |  |
| **Prepaid auto insurance** |  |  |
| **Accounts payable** |  |  |
| **Notes payable** |  |  |
| **Salary payable** |  |  |
| **Utilities payable** |  |  |
| **Unearned Service Revenue** |  |  |
| **Harper, capital** |  |  |
| **Harper, drawing** |  |  |
| **Service revenue** |  |  |
| **Depreciation expense – Equip** |  |  |
| **Depreciation expense – Truck** |  |  |
| **Insurance expense** |  |  |
| **Rent expense** |  |  |
| **Salary expense** |  |  |
| **Supplies expense** |  |  |
| **Maintenance expense** |  |  |
| **Utilities expense** |  |  |
| **Total** |  |  |