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.**

|  |
| --- |
| 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.** |  |  |   |
|  |    |   |   |
| **f.** |   |  |   |
|  |  |   |  |
| **g.**  |   |  |   |
|  |   |  |   |
|  |   |  |  |
| **h.** |   |  |   |
|  |    |  |  |
| **i.** |   |  |   |
|  |    |   |   |
| **j.** |  |  |  |
|  |   |  |  |
| **k.** |  |  |   |
|  |   |  |  |
| **l.** |  |  |  |
|  |   |  |  |

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.**

|  |
| --- |
| **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** |  |  |  |  |  |  |

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

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

|  |
| --- |
|  |
| **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** |  |  |