

KEY FOR TOPIC 4 PROBLEMS

P 4-10a

Journal Proof of Page 1 (General Journal for P 4-4):

Total of Debit Column	\$14 967.00
Total of Credit Column	\$14 967.00

Journal Proof of Page 2 (General Journal for P 4-4):

Total of Debit Column	\$5 440.00
Total of Credit Column	\$5 440.00

P 4-10b

See the ledger accounts in the answer key to P 4-7.

P 4-10c, d

J. Edgar Consulting Services

Zero pr
trial bal

P 4-10c, d

J. Edgar Consulting Services Trial Balance November 30, 19--				Zero proof trial balance Nov. 30, 19--
Cash	101	\$ 9 993.00		0.00 *
Accts. Rec./Lambton Industries Inc.	105	1 200.00		9 993.00 +
Accts. Rec./A. Lee	108	450.00		1 200.00 +
Office Supplies	115	1 600.00		450.00 +
Office Equipment	120	3 000.00		1 600.00 +
Bank Loan Payable	201		\$ 5 000.00	3 000.00 +
Accts. Pay./G. Health Suppliers	205		600.00	5 000.00 -
Accts. Pay./D. Moyer Computers Ltd. ...	210		3 000.00	600.00 -
J. Edgar, Capital	301		3 150.00	3 000.00 -
J. Edgar, Drawing	302	250.00		3 150.00 -
Consulting Fees Earned	401		6 300.00	250.00 +
Telephone Expense	505	67.00		6 300.00 -
Rent Expense	510	700.00		67.00 +
Advertising Expense	515	350.00		700.00 +
Utilities Expense	520	440.00		350.00 +
		<u>\$18 050.00</u>	<u>\$18 050.00</u>	440.00 +
				0.00 *

Note: Dollar signs are not used in a handwritten trial balance. They are normally used when the formal trial balance is typewritten or printed by a computer.

P 4-11a

Journal Proof of Page 1 (General Journal for P 4-6):

Total of Debit Column	\$700 600.00
Total of Credit Column	\$700 600.00

Journal Proof of Page 2 (General Journal for P 4-7):

Total of Debit Column	\$43 231.00
Total of Credit Column	\$43 231.00

P 4-11b

See the ledger accounts in the answer key to P 4-9.

P 4-11c, d

See the ledger accounts in the answer key to P 4-9.

P 4-11c, d

Car Rental System Trial Balance October 31, 19--				Zero proof trial balance Oct. 31, 19--
				0.00 *
Cash	101	\$329 344.00		
Accts. Rec./A. Couse	105	2 400.00		329 344.00 +
Accts. Rec./B. Doan	108	3 000.00		2 400.00 +
Accts. Rec./C. Fairs	110	900.00		3 000.00 +
Accts. Rec./D. Good	112	2 700.00		900.00 +
Accts. Rec./E. Hey	114	2 700.00		2 700.00 +
Accts. Rec./J. Pool	116	7 700.00		2 700.00 +
Land	130	35 000.00		7 700.00 +
Building	135	65 000.00		35 000.00 +
Automobiles	140	156 600.00		65 000.00 +
Office Equipment	145	3 200.00		156 600.00 +
Bank Loan Payable	201		\$ 5 000.00	3 200.00 +
Accts. Pay/Ace Motors	205		115 300.00	5 000.00 -
Accts. Pay/Esso Oil Co.	208		4 000.00	115 300.00 -
Accts. Pay/Public Utilities Commission	210		75.00	4 000.00 -
Mortgage Payable	230		70 000.00	75.00 -
Jawed Iqbal, Capital	301		400 000.00	70 000.00 -
Jawed Iqbal, Drawing	302	1 200.00		400 000.00 -
Rental Revenue	401		28 700.00	1 200.00 +
Utilities Expense	510	75.00		28 700.00 -
Repairs Expense	515	2 400.00		75.00 +
Telephone Expense	520	56.00		2 400.00 +
Salaries Expense	525	6 800.00		56.00 +
Gasoline Expense	530	4 000.00		6 800.00 +
		<u>\$623 075.00</u>	<u>\$623 075.00</u>	4 000.00 +
				0.00 *

Note: Dollar signs are not used in a handwritten trial balance. They are normally used when the formal trial balance is typewritten or printed by a computer. Note also that account numbers will correspond to the format used to organize the chart of accounts for Car Rental System in P 4-9a.

**Babyland Diaper Service
Chart of Accounts**

ASSETS	
Cash	101
Accts. Rec./B. McNally	105
Equipment	120
Delivery Truck	130
LIABILITIES	
Bank Loan Payable	201
Accts. Pay./ABC Wholesale Supplies ...	205
Accts. Pay./Wellington Motors	208
OWNER'S EQUITY	
C. Rade, Capital	301
C. Rade, Drawing	302
REVENUE	
Diaper Services Revenue	401
EXPENSES	
Supplies Expense	505
Rent Expense	510
Gasoline Expense	515
Utilities Expense	520

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General Ledger (Babyland Diaper Service)

Cash

Account No. 101

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19--					
Mar. 1	Opening entry	GJ1	6 000 00		6 000 00
2		GJ1		600 00	5 400 00
3		GJ1		450 00	4 950 00
4		GJ1		1 000 00	3 950 00
7		GJ1	57 00		4 007 00
14		GJ1	280 00		4 287 00
30		GJ2		95 00	4 192 00
31		GJ2	43 00		4 235 00 DR

Note: Alternatively, posting references in ledger accounts may be made by showing the initials of the journal in front of the Post. Ref. column and the page number of the journal in the Post. Ref. column.

Accts. Rec./B. McNally

Account No. 105

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19--					
Mar. 7		GJ1	43 00		43 00
31		GJ2		43 00	0

Equipment

Account No. 120

DATE	EXPLANATION	POST.	DEBIT	CREDIT	BALANCE

Equipment

Account No. 120

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 2		GJ 1	600 00		600 00
2		GJ 1	200 00		800 00 DR

Delivery Truck

Account No. 130

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 4		GJ 1	15 000 00		15 000 00 DR

Bank Loan Payable

Account No. 201

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 1	Opening entry	GJ 1		5 000 00	5 000 00 CR

Accts. Pay./ABC Wholesale Supplies

Account No. 205

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 1		GJ 1		480 00	480 00 CR

Accts. Pay./Wellington Motors

Account No. 208

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 4		GJ 1		14 000 00	14 000 00 CR

C. Rade, Capital

Account No. 301

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 1	Opening entry	GJ 1		1 000 00	1 000 00
2		GJ 1		200 00	1 200 00
11		GJ 1		20 00	1 220 00 CR

C. Rade, Drawing

Account No. 302

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 31		GJ 2	10 00		10 00 DR

Diaper Services Revenue Account No. 401

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 7		GJ 1		43 00	43 00
7		GJ 1		57 00	100 00
14		GJ 1		280 00	380 00 CR

Supplies Expense Account No. 505

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 1		GJ 1	480 00		480 00
31		GJ 2		10 00	470 00 DR

Rent Expense Account No. 510

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 3		GJ 1	450 00		450 00 DR

Gasoline Expense Account No. 515

Gasoline Expense

Account No. 515

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 11		GJ 1	20 00		20 00 DR

Utilities Expense

Account No. 520

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19-- Mar. 30		GJ 2	95 00		95 00 DR

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GENERAL JOURNAL

Page 1

DATE	ACCOUNT TITLE AND EXPLANATION	POST. REF.	DEBIT	CREDIT
19-- Mar. 1	Cash	101	6 000 00	
	Bank Loan Payable	201		5 000 00
	C. Rade, Capital	301		1 000 00
	<i>To record the opening entry for Babyland Diaper Service.</i>			
1	Supplies Expense	505	480 00	
	Accts. Pay/ABC Wholesale Supplies	205		480 00
	<i>Bought supplies on account. Terms 30 days.</i>			
2	Equipment	120	600 00	
	Cash	101		600 00
	<i>Bought a new washer from Sears Canada Ltd. Issued cheque 001 in full payment.</i>			
2	Equipment	120	200 00	
	C. Rade, Capital	301		200 00
	<i>Invested an old clothes dryer from home.</i>			
3	Rent Expense	510	450 00	
	Cash	101		450 00
	<i>Issued cheque 002 to A.B. Rental Services for monthly rent.</i>			
4	Delivery Truck	130	15 000 00	
	Cash	101		1 000 00

	Cash	101			
	<i>Issued cheque 002 to A.B. Rental Services for monthly rent.</i>				
4	Delivery Truck	130	15 000 00		
	Cash	101		1 000 00	
	Accts. Pay./Wellington Motors	208		14 000 00	
	<i>Bought a truck on account with a \$1000 down payment.</i>				
	<i>Issued cheque 003. Balance to be paid in 90 days.</i>				
7	Accts. Rec./B. McNally	105	43 00		
	Diaper Services Revenue	401		43 00	
	<i>Performed services on account. Payment due in 30 days.</i>				
7	Cash	101	57 00		
	Diaper Services Revenue	401		57 00	
	<i>Performed services for cash.</i>				
11	Gasoline Expense	515	20 00		
	C. Rade, Capital	301		20 00	
	<i>Used personal funds to put gas in the truck.</i>				
14	Cash	101	280 00		
	Diaper Services Revenue	401		280 00	
	<i>Performed services for cash.</i>				
	Journal Proof of Page 1:		23 130 00	23 130 00	

Test Mark _____ / 60 = _____ %

PART A (6 points)

In the answer column, write the word or words missing in each of the statements below.

Example: *The right side of a ledger account is known as the ___ side.* Credit

1. An entry that involves only two accounts is known as a ___ journal entry.	1. <u>Simple</u>
2. The general journal is known as the "book" of ___ entry.	2. <u>Original</u>
3. An entry that involves more than two accounts is known as a ___ journal entry.	3. <u>Compound</u>
4. The ledger is the "book" of ___ entry.	4. <u>Final</u>
5. A summary of the balances of the ledger is known as ___.	5. <u>Trial Balance</u>
6. Business forms that give evidence of business transactions on a certain date are called ___.	6. <u>Source Documents</u>

PART B (6 points)

date are called ____.

PART B (6 points)

Name / briefly explain the first four steps in the accounting cycle.

1. Originating Transaction Data
2. Journalizing
3. Posting
4. Trial Balance

PART C (10 points)

Each of the following accounts can be classified under one of the five classes. In the answer column, indicate first the correct class of account by writing A for Asset, L for Liability, OE for Owner's Equity, R for Revenue, and E for Expense; in the second column indicate whether the normal balance is a DR for Debit or CR for Credit.

Example: *Cash*

1. Commissions Earned
2. P. Kilbreath, Drawing
3. Heat Expenses
4. Building
5. Equipment
6. Furniture
7. Accounts Payable
8. Bank Loan Payable
9. Salaries
10. Accounts Receivable

	CLASS	NORMAL BALANCE
	A	DR
1.	R	CR
2.	OE	DR
3.	E	DR
4.	A	DR
5.	A	DR
6.	A	DR
7.	L	CR
8.	L	CR
9.	E	DR
10.	A	DR

PART D (4 points)

Name the source document (s) that would be associated with each transaction below.

1. Received monthly notification of telephone expenses and paid immediately with cheque # 706.

Cheque Record / Purchase Invoice

2. Performed services for ABC Co. on account. Payment to be made with 30 days.

Sales Invoice

3. Made a deposit of all cash receipts to the business bank account.

Bank Deposit Slip

4. Received payment in full from XYZ Co. in the mail.

Remittance Slip / Sales Invoice