

مراجعة عامة (1)

EXERCISES

E2-1 Listed below are several terms and phrases associated with the measurement process external transactions.

List A	List B
_____ 1. Account	a. Record of all transactions affecting a company.
_____ 2. Analyze transactions	b. Determine the dual effect of business events on the accounting equation.
_____ 3. Journal	c. List of accounts and their balances.
_____ 4. Post	d. Summary of the effects of all transactions related to a particular item over a period of time.
_____ 5. Trial balance	e. Transfer balances from the journal to the general ledger.

Required:

Pair each item from List A with the item from List B to which it is most appropriately associated.

E2-2 Below are the external transactions for Shockers Incorporated.

1. Issue common stock in exchange for cash.
2. Purchase equipment by signing a note payable.
3. Provide services to customers on account.
4. Pay rent for the current month.
5. Pay insurance for the current month.
6. Collect cash from customers on account.

	<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Stockholders' Equity</u>
1.	Increase	=	No effect	+	Increase
2.	_____		_____		_____
3.	_____		_____		_____
4.	_____		_____		_____
5.	_____		_____		_____
6.	_____		_____		_____

Required:

Analyze each transaction. Under each category in the accounting equation, indicate whether the transaction increases, decreases, or has no effect. The first item is provided as an example.

E2-3 Green Wave Company plans to own and operate a storage rental facility. For the first month of operations, the company had the following transactions.

1. Issue 10,000 shares of common stock in exchange for \$32,000 in cash.
2. Purchase land for \$19,000. A note payable is signed for the full amount.
3. Purchase storage container equipment for \$8,000 cash.
4. Hire three employees for \$2,000 per month.
5. Receive cash of \$12,000 in rental fees for the current month.
6. Purchase office supplies for \$2,000 on account.
7. Pay employees \$6,000 for the first month's salaries.

Required:

For each transaction, describe the dual effect on the accounting equation. For example, in the first transaction, (1) assets increase and (2) stockholders' equity increases.

E2-4 Boilermaker House Painting Company incurs the following transactions for September.

1. Paint houses in the current month for \$15,000 on account.
2. Purchase painting equipment for \$16,000 cash.
3. Purchase office supplies on account for \$2,500.
4. Pay employee salaries of \$3,200 for the current month.
5. Purchase advertising to appear in the current month, \$1,200.
6. Pay office rent of \$4,400 for the current month.
7. Receive \$10,000 from customers in (1) above.
8. Receive cash of \$5,000 in advance from a customer who plans to have his house painted in the following month.

Required:

For each transaction, describe the dual effect on the accounting equation. For example, for the first transaction, (1) assets increase and (2) stockholders' equity increases.

E2-5 At the beginning of April, Owl Corporation has a balance of \$13,000 in the Retained Earnings account. During the month of April, Owl had the following external transactions.

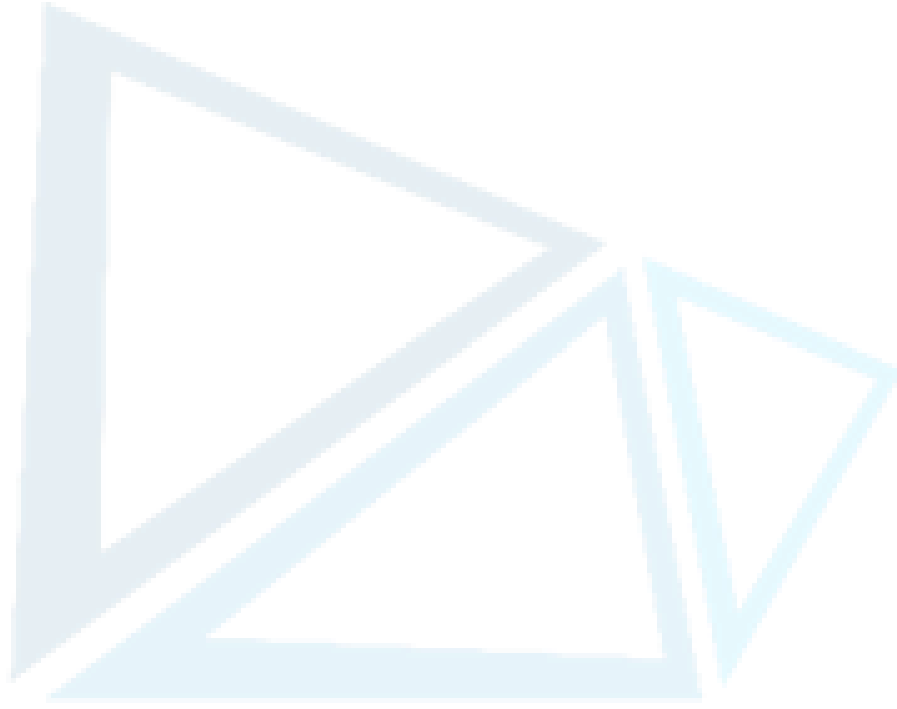
1. Issue common stock for cash, \$11,000.
2. Provide services to customers on account, \$8,500.
3. Provide services to customers in exchange for cash, \$3,200.
4. Purchase equipment and pay cash, \$7,600.
5. Pay rent for April, \$1,100.
6. Pay employee salaries for April, \$3,500.
7. Pay dividends to stockholders, \$2,000.

Required:

Using the external transactions above, compute the balance of Retained Earnings at April 30.

E2-6 Below is a list of common accounts.

Accounts	Debit or Credit
Cash	1. _____
Service Revenue	2. _____
Salaries Expense	3. _____
Accounts Payable	4. _____
Equipment	5. _____
Retained Earnings	6. _____
Utilities Expense	7. _____
Accounts Receivable	8. _____



جَامِعَةُ
الْمَنَارَةِ
MANARA UNIVERSITY

Required:

Analyze each transaction. Under each category in the accounting equation, indicate whether the transaction increases, decreases, or has no effect. The first item is provided as an example.

E2-3 Green Wave Company plans to own and operate a storage rental facility. For the first month of operations, the company had the following transactions.

1. Issue 10,000 shares of common stock in exchange for \$32,000 in cash.
2. Purchase land for \$19,000. A note payable is signed for the full amount.
3. Purchase storage container equipment for \$8,000 cash.
4. Hire three employees for \$2,000 per month.
5. Receive cash of \$12,000 in rental fees for the current month.
6. Purchase office supplies for \$2,000 on account.
7. Pay employees \$6,000 for the first month's salaries.

Required:

For each transaction, describe the dual effect on the accounting equation. For example, in the first transaction, (1) assets increase and (2) stockholders' equity increases.

E2-4 Boilermaker House Painting Company incurs the following transactions for September.

1. Paint houses in the current month for \$15,000 on account.
2. Purchase painting equipment for \$16,000 cash.
3. Purchase office supplies on account for \$2,500.
4. Pay employee salaries of \$3,200 for the current month.
5. Purchase advertising to appear in the current month, \$1,200.
6. Pay office rent of \$4,400 for the current month.
7. Receive \$10,000 from customers in (1) above.
8. Receive cash of \$5,000 in advance from a customer who plans to have his house painted in the following month.

Required:

For each transaction, describe the dual effect on the accounting equation. For example, for the first transaction, (1) assets increase and (2) stockholders' equity increases.

E2-5 At the beginning of April, Owl Corporation has a balance of \$13,000 in the Retained Earnings account. During the month of April, Owl had the following external transactions.

1. Issue common stock for cash, \$11,000.
2. Provide services to customers on account, \$8,500.
3. Provide services to customers in exchange for cash, \$3,200.
4. Purchase equipment and pay cash, \$7,600.
5. Pay rent for April, \$1,100.
6. Pay employee salaries for April, \$3,500.
7. Pay dividends to stockholders, \$2,000.

Required:

Using the external transactions above, compute the balance of Retained Earnings at April 30.

E2-6 Below is a list of common accounts.

Accounts	Debit or Credit
Cash	1. _____
Service Revenue	2. _____
Salaries Expense	3. _____
Accounts Payable	4. _____
Equipment	5. _____
Retained Earnings	6. _____
Utilities Expense	7. _____
Accounts Receivable	8. _____

Accounts	Debit or Credit
Dividends	9. _____
Common Stock	10. _____

Required:

Indicate whether the normal balance of each account is a debit or a credit.

E2-7 Below are several external transactions for Hokies Company.

	Account Debited	Account Credited
<i>Example: Purchase equipment in exchange for cash.</i>	<i>Equipment</i>	<i>Cash</i>
1. Pay a cash dividend.	_____	_____
2. Pay rent in advance for the next three months.	_____	_____
3. Provide services to customers on account.	_____	_____
4. Purchase office supplies on account.	_____	_____
5. Pay salaries for the current month.	_____	_____
6. Issue common stock in exchange for cash.	_____	_____
7. Collect cash from customers for services provided in (3) above.	_____	_____
8. Borrow cash from the bank and sign a note.	_____	_____
9. Pay for the current month's utilities.	_____	_____
10. Pay for office supplies purchased in (4) above.	_____	_____

Hokies uses the following accounts:

Accounts Payable	Equipment	Accounts Receivable
Cash	Supplies	Utilities Expense
Prepaid Rent	Rent Expense	Service Revenue
Common Stock	Notes Payable	Retained Earnings
Salaries Payable	Salaries Expense	Dividends

Required:

Indicate which accounts should be debited and which should be credited.

E2-8 Terrapin Company engages in the following external transactions for November.

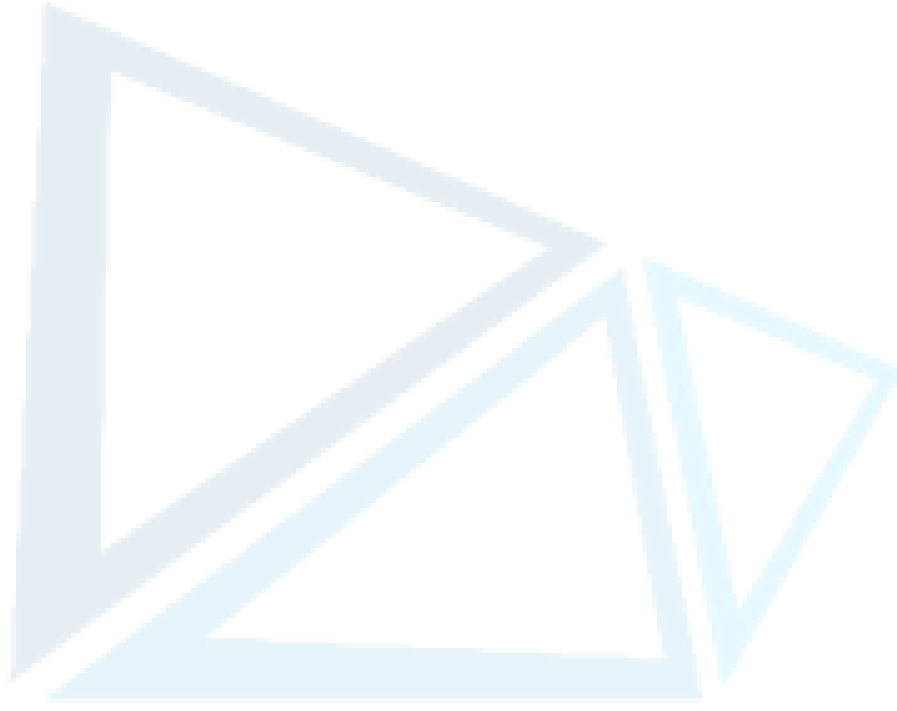
1. Purchase equipment in exchange for cash of \$23,400.
2. Provide services to customers and receive cash of \$6,800.
3. Pay the current month's rent of \$1,300.
4. Purchase office supplies on account for \$1,000.
5. Pay employee salaries of \$2,100 for the current month.

Required:

Record the transactions. Terrapin uses the following accounts: Cash, Supplies, Equipment, Accounts Payable, Service Revenue, Rent Expense, and Salaries Expense.

E2-9 Below are recorded transactions of Yellow Jacket Corporation for August.

	Debit	Credit
1. Equipment	8,800	
Cash		8,800
2. Accounts Receivable	3,200	
Service Revenue		3,200
3. Salaries Expense	1,900	
Cash		1,900
4. Cash	1,500	
Deferred Revenue		1,500
5. Dividends	900	
Cash		900



جَامِعَةُ
الْمَنَارَةِ
MANARA UNIVERSITY



Required:

Provide an explanation for each transaction.

E2-10 Sun Devil Hair Design has the following transactions during the month of February.

- February 2 Pay \$700 for radio advertising for February.
- February 7 Purchase beauty supplies of \$1,300 on account.
- February 14 Provide beauty services of \$2,900 to customers and receive cash.
- February 15 Pay employee salaries for the current month of \$900.
- February 25 Provide beauty services of \$1,000 to customers on account.
- February 28 Pay utility bill for the current month of \$300.

Required:

Record each transaction. Sun Devil uses the following accounts: Cash, Accounts Receivable, Supplies, Accounts Payable, Service Revenue, Advertising Expense, Salaries Expense, and Utilities Expense.

E2-11 Bearcat Construction begins operations in March and has the following transactions.

- March 1 Issue common stock for \$21,000.
- March 5 Obtain \$9,000 loan from the bank by signing a note.
- March 10 Purchase construction equipment for \$25,000 cash.
- March 15 Purchase advertising for the current month for \$1,100 cash.
- March 22 Provide construction services for \$18,000 on account.
- March 27 Receive \$13,000 cash on account from March 22 services.
- March 28 Pay salaries for the current month of \$6,000.

Required:

Record each transaction. Bearcat uses the following accounts: Cash, Accounts Receivable, Equipment, Notes Payable, Common Stock, Service Revenue, Advertising Expense, and Salaries Expense.

E2-12 Below are several transactions for Scarlet Knight Corporation. A junior accountant, recently employed by the company, proposes to record the following transactions.

External Transaction	Accounts	Debit	Credit
1. Owners invest \$15,000 in the company and receive common stock.	Common Stock	15,000	
	Cash		15,000
2. Receive cash of \$4,000 for services provided in the current period.	Cash	4,000	
	Service Revenue		4,000
3. Purchase office supplies on account, \$300.	Supplies	300	
	Cash		300
4. Pay \$600 for next month's rent.	Rent Expense	600	
	Cash		600
5. Purchase office equipment with cash of \$2,200.	Cash	2,200	
	Equipment		2,200

Required:

Assess whether the junior accountant correctly proposes how to record each transaction. If incorrect, provide the correction.

E2-13 Below are several transactions for Crimson Tide Corporation. A junior accountant, recently employed by the company, proposes to record the following transactions.

External Transaction	Accounts	Debit	Credit
1. Pay cash dividends of \$800 to stockholders.	Cash	800	
	Dividends		800
2. Provide services on account for customers, \$3,400.	Cash	3,400	
	Service Revenue		3,400

(continued)

External Transaction	Accounts	Debit	Credit
3. Pay a \$500 utilities bill for the current period.	Utilities Expense	500	
	Cash		500
4. Receive cash of \$400 from previously billed customers.	Cash	400	
	Service Revenue		400
5. Pay for supplies previously purchased on account, \$1,200.	Supplies Expense	1,200	
	Cash		1,200

Required:

Assess whether the junior accountant correctly proposes how to record each transaction. If incorrect, provide the correction.

E2-14 Consider the following transactions.

1. Receive cash from customers, \$15,000.
2. Pay cash for employee salaries, \$9,000.
3. Pay cash for rent, \$3,000.
4. Receive cash from sale of equipment, \$8,000.
5. Pay cash for utilities, \$1,000.
6. Receive cash from a bank loan, \$4,000.
7. Pay cash for advertising, \$7,000.
8. Purchase supplies on account, \$3,000.

Required:

Post transactions to the Cash T-account and calculate the ending balance. The beginning balance in the Cash T-account is \$5,000.

E2-15 Consider the recorded transactions below.

	Debit	Credit
1. Accounts Receivable	8,400	
Service Revenue		8,400
2. Supplies	2,300	
Accounts Payable		2,300
3. Cash	10,200	
Accounts Receivable		10,200
4. Advertising Expense	1,000	
Cash		1,000
5. Accounts Payable	3,700	
Cash		3,700
6. Cash	1,100	
Deferred Revenue		1,100

Required:

Post each transaction to T-accounts and compute the ending balance of each account. The beginning balance of each account before the transactions is: Cash, \$3,400; Accounts Receivable, \$4,200; Supplies, \$400; Accounts Payable, \$3,500; Deferred Revenue, \$300. Service Revenue and Advertising Expense each have a beginning balance of zero.

E2-16 Below are T-accounts. The first row in each is the beginning balance, and the numbers in parentheses are transaction numbers.

Cash			Accounts Receivable			Supplies		
	8,000			2,000			1,000	
(1)	20,000	14,000	(5)	5,000	4,000	(3)	(4)	6,000
(3)	4,000	7,000	(6)					
	<u>11,000</u>			<u>3,000</u>				<u>7,000</u>



Accounts Payable				Service Revenue				Salaries Expense			
		2,000			0			0			
(6)	7,000	6,000	(4)		20,000	(1)	(5)	14,000			
					5,000	(2)					
		<u>1,000</u>			<u>25,000</u>			<u>14,000</u>			

Required:

Provide an explanation for each transaction.

E2-17 Below is the complete list of accounts of Sooner Company and the related balance at the end of April. All accounts have their normal debit or credit balance. Cash, \$3,900; Prepaid Rent, \$7,400; Accounts Payable \$4,300; Common Stock, \$40,000; Service Revenue, \$25,400; Salaries Expense, \$8,200; Accounts Receivable, \$6,100; Land, \$60,000; Deferred Revenue, \$2,300; Retained Earnings, \$23,000; Supplies Expense, \$9,400.

Required:

Prepare a trial balance with the list of accounts in the following order: assets, liabilities, stockholders' equity, revenues, and expenses.

E2-18 Below is the complete list of accounts of Cobras Incorporated and the related balance at the end of March. All accounts have their normal debit or credit balance. Supplies, \$1,000; Buildings, \$55,000; Salaries Payable, \$500; Common Stock, \$35,000; Accounts Payable, \$2,200; Utilities Expense, \$3,700; Prepaid Insurance, \$1,200; Service Revenue, \$19,500; Accounts Receivable, \$4,200; Cash, \$3,500; Salaries Expense, \$6,400; Retained Earnings, \$17,800.

Required:

Prepare a trial balance with the list of accounts in the following order: assets, liabilities, stockholders' equity, revenues, and expenses.

E2-19 Green Wave Company plans to own and operate a storage rental facility. For the first month of operations, the company has the following transactions.

- January 1 Issue 10,000 shares of common stock in exchange for \$42,000 in cash.
- January 5 Purchase land for \$24,000. A note payable is signed for the full amount.
- January 9 Purchase storage container equipment for \$9,000 cash.
- January 12 Hire three employees for \$3,000 per month.
- January 18 Receive cash of \$13,000 in rental fees for the current month.
- January 23 Purchase office supplies for \$3,000 on account.
- January 31 Pay employees \$9,000 for the first month's salaries.

Required:

- Record each transaction. Green Wave uses the following accounts: Cash, Supplies, Land, Equipment, Common Stock, Accounts Payable, Notes Payable, Service Revenue, and Salaries Expense.
- Post each transaction to T-accounts and compute the ending balance of each account. Since this is the first month of operations, all T-accounts have a beginning balance of zero.
- After calculating the ending balance of each account, prepare a trial balance.

E2-20 Boilermaker House Painting Company incurs the following transactions for September.

- September 3 Paint houses in the current month for \$20,000 on account.
- September 8 Purchase painting equipment for \$21,000 cash.
- September 12 Purchase office supplies on account for \$3,500.

- | | |
|-----------------|--|
| 4. September 15 | Pay employee salaries of \$4,200 for the current month. |
| 5. September 19 | Purchase advertising to appear in the current month for \$1,000 cash. |
| 6. September 22 | Pay office rent of \$5,400 for the current month. |
| 7. September 26 | Receive \$15,000 from customers in (1) above. |
| 8. September 30 | Receive cash of \$6,000 in advance from a customer who plans to have his house painted in the following month. |

Required:

1. Record each transaction. Boilermaker uses the following accounts: Cash, Accounts Receivable, Supplies, Equipment, Accounts Payable, Deferred Revenue, Common Stock, Retained Earnings, Service Revenue, Salaries Expense, Advertising Expense, and Rent Expense.
2. Post each transaction to T-accounts and compute the ending balance of each account. At the beginning of September, the company had the following account balances: Cash, \$46,100; Accounts Receivable, \$1,700; Supplies, \$500; Equipment, \$7,400; Accounts Payable, \$1,200; Common Stock, \$25,000; Retained Earnings, \$29,500. All other accounts had a beginning balance of zero.
3. After calculating the ending balance of each account, prepare a trial balance.

