

(a)	Equipment	8,000	
	Cash		2,000
	Accounts Payable, William Smith		6,000
(b)	Accounts Payable, William Smith	2,000	
	Cash		2,000
(c)	Accounts Payable, William Smith	4,000	
	Notes Payable		4,000

SOLUTION

(a)	Equipment	8,000	
	Cash		2,000
	Accounts Payable, William Smith		6,000
	Purchase of equipment, 25% for cash, balance on account.		
(b)	Accounts Payable, William Smith	2,000	
	Cash		2,000
	Partial payment of the accounts payable.		
(c)	Accounts Payable, William Smith	4,000	
	Notes Payable		4,000
	Note payable in settlement of account payable.		

4.4. Dr. Stacey Kotin, Dentist, began her practice by investing the following assets:

Cash	\$2,600
Supplies	1,400
Equipment	12,500
Furniture	3,000

Record the opening entry in the journal.

	Debit	Credit

SOLUTION

	Debit	Credit
Cash	2,600	
Supplies	1,400	
Equipment	12,500	
Furniture	3,000	
Stacey Kotin, Capital		19,500

- 4.5. If, in Prob. 4.4, Dr. Kotin owed a balance on the equipment of \$3,500, what would be the opening entry then?

	Debit	Credit

SOLUTION

	Debit	Credit
Cash	2,600	
Supplies	1,400	
Equipment	12,500	
Furniture	3,000	
Accounts Payable		3,500
Stacey Kotin, Capital		16,000

- 4.6. Record the following entries in the general journal for the Sylvia Cleaning Company.
- (a) Invested \$12,000 cash in the business
 - (b) Paid \$1,000 for office furniture
 - (c) Bought equipment costing \$8,000 on account
 - (d) Received \$2,200 in cleaning income
 - (e) Paid one-fifth of the amount owed on the equipment

	Debit	Credit
(a)		
(b)		
(c)		
(d)		
(e)		

SOLUTION

	Debit	Credit
(a) Cash	12,000	
Sylvia, Capital		12,000
(b) Office Furniture	1,000	
Cash		1,000
(c) Equipment	8,000	
Accounts Payable		8,000
(d) Cash	2,200	
Cleaning Income		2,200
(e) Accounts Payable	1,600	
Cash		1,600

4.7. Record the following entries in the general journal for the Leidner Medical Group.

- (a) Invested \$18,000 in cash, \$4,800 in supplies, and \$12,200 in equipment to begin the Leidner Medical Group.
- (b) Received \$2,400 in cash from patients for the week.
- (c) Invested additional cash of \$5,000 in the firm.

	Debit	Credit
(a)		
(b)		
(c)		

SOLUTION

	Debit	Credit
(a) Cash	18,000	
Supplies	4,800	
Equipment	12,200	
Leidner, Capital		35,000
(b) Cash	2,400	
Fees Income		2,400
(c) Cash	5,000	
Leidner, Capital		5,000

4.8. If, in Prob. 4.7, the Leidner Medical Group billed patients for the month for \$1,600, present the necessary journal entry.

SOLUTION

Accounts Receivable	1,600	
Fees Income		1,600
To record services rendered on account.		

- 4.9. If the Leidner Medical Group (see Probs. 4.7 and 4.8) received \$545 from patients who were billed last month, what entry would be necessary to record this information?

SOLUTION

Cash	545	
Accounts Receivable		545
Received cash on account		

- 4.10. Refer to Probs. 4.8 and 4.9. When payment is received from billed patients (accounts receivable), why isn't the income account credited?

SOLUTION

Fees Income was recorded in the previous month, when the service was rendered. Under the accrual basis, income and expense are recorded in the period of service or use, not in the period of payment.

- 4.11. Listed below are the January transactions for Big Ben Clock Repair Store, owned by David McDonald. Record them in general journal form.

- Jan. 1 Invested \$7,000 cash and equipment with a book value of \$2,800
- 3 Paid first month's rent, \$700
- 5 Cash repairs, \$1,400
- 7 Purchased supplies on account, \$325
- 8 Repaired a grandfather clock on account, \$900
- 8 Paid wages, \$275
- 11 Purchased equipment, \$550 cash
- 12 Cash repairs, \$2,700
- 15 Purchased equipment on account, \$400
- 17 Paid for advertising, \$325
- 19 Withdrew \$500 for personal expenses
- 21 Received \$500 on account from Jan. 8 transaction
- 22 Paid wages, \$325
- 25 Cash repairs, \$3,400
- 26 Paid \$400 on account from Jan. 15 transaction
- 29 Repaired a clock on account, \$345

SOLUTION

General Journal

Date		Debit	Credit
Jan. 1	Cash	7,000	
	Equipment	2,800	
	David McDonald, Capital		9,800
3	Rent Expense	700	
	Cash		700
5	Cash	1,400	
	Repair Income		1,400
7	Supplies	325	
	Accounts Payable		325
8	Accounts receivable	900	
	Repair Income		900
8	Wage Expense	275	
	Cash		275
11	Equipment	550	
	Cash		550
12	Cash	2,700	
	Repair Income		2,700
15	Equipment	400	
	Accounts Payable		400
17	Advertising Expense	325	
	Cash		325
19	David McDonald, Drawing	500	
	Cash		500
21	Cash	500	
	Accounts Receivable		500
22	Wage Expense	325	
	Cash		325
25	Cash	3,400	
	Repair Income		3,400
26	Accounts Payable	400	
	Cash		400
29	Accounts Receivable	345	
	Repair Income		345

SOLUTION*General Journal*

Date		Debit	Credit
July 1	Cash	8,000	
	Norm Egglund, Capital		8,000
3	Supplies	175	
	Accounts Payable		175
5	Equipment	9,000	
	Cash		6,000
	Notes Payable		3,000
7	Cash	1,500	
	Repair Income		1,500
9	Supplies	255	
	Accounts Payable		255
11	Rent Expense	350	
	Cash		350
15	Utilities Expense	155	
	Cash		155
17	Accounts Payable	100	
	Cash		100
19	Norm Egglund, Drawing	500	
	Cash		500

General Journal

Date		Debit	Credit
23	Cash	200	
	Accounts Receivable	300	
	Repair Income		500
25	Accounts Payable	155	
	Cash		155
30	Cash	2,150	
	Repair Income		2,150
30	Wage Expense	1,000	
	Cash		1,000

4.13. Post the following journal entries for the Canny Taxi Company to the T accounts below. Disregard posting references at this time.

	Debit	Credit
(a) Cash	6,000	
Canny, Capital		6,000
(b) Equipment	4,000	
Accounts Payable		3,000
Cash		1,000
(c) Accounts Payable	3,000	
Cash		3,000
(d) Cash	1,500	
Fares Income		1,500
(e) Salaries Expense	600	
Cash		600

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Cash</td> <td style="text-align: right; border-bottom: 1px solid black;">11</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; height: 50px;"></td> <td></td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Canny, Capital</td> <td style="text-align: right; border-bottom: 1px solid black;">31</td> </tr> </table>	Cash	11			Canny, Capital	31	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Equipment</td> <td style="text-align: right; border-bottom: 1px solid black;">12</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; height: 50px;"></td> <td></td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Fares Income</td> <td style="text-align: right; border-bottom: 1px solid black;">41</td> </tr> </table>	Equipment	12			Fares Income	41	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Accounts Payable</td> <td style="text-align: right; border-bottom: 1px solid black;">21</td> </tr> <tr> <td style="border-left: 1px solid black; border-right: 1px solid black; height: 50px;"></td> <td></td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Salaries Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">52</td> </tr> </table>	Accounts Payable	21			Salaries Expense	52
Cash	11																			
Canny, Capital	31																			
Equipment	12																			
Fares Income	41																			
Accounts Payable	21																			
Salaries Expense	52																			

SOLUTION

Cash 11	Equipment 12	Accounts Payable 21
(a) 6,000	(b) 4,000	(c) 3,000
(d) 1,500		(b) 3,000
2,900 7,500		(e) 600
		4,600
Canny, Capital 31	Fares Income 41	Salaries Expense 52
(a) 6,000	(d) 1,500	(e) 600

4.14. Use the balances of the T accounts in Prob. 4.13 to prepare a trial balance for the Canny Taxi Company.

Canny Taxi Company		
Trial Balance		
Cash		
Equipment		
Accounts Payable		
Canny, Capital		
Fares Income		
Salaries Expense		

SOLUTION

Canny Taxi Company		
Trial Balance		
Cash	\$2,900	
Equipment	4,000	
Accounts Payable		
Canny, Capital		\$6,000
Fares Income		1,500
Salaries Expense	600	
	<u>\$7,500</u>	<u>\$7,500</u>

4.15. During March, Larry Abrams completed the following transactions: (a) opened a dry cleaning store on March 1, 19X8, investing \$12,000 cash, \$6,000 in equipment, and \$4,000 worth of supplies; (b) bought \$2,600 worth of equipment on account from J. Laym, Inc., Invoice 101; (c) received \$2,800 from cash sales for the month; (d) paid rent, \$1,200; (e) paid salaries, \$600; (f) paid \$1,600 on account to J. Laym, Inc.; (g) withdrew \$500 for personal use; (h) used \$1,000 worth of supplies during the month.