MD. SHIHAB UDDIN AHMED
ID: 18-38960-3

Assignment for Principals of Accounting

Ans to the que no -01

a. Here,
Cash $8,000
Accounts Receivable $9,000
Equipment $10,000
so, Total Assets= 8,000+9,000+10,000 = $27,000

b.

Service revenue $36,000

Rent expense $11,000

Salaries and wages expense 7,000

Utilities expense 4,000

Total expenses 22,000

Net income=36,000-(11,000+7,000+4,000) = 36,000-22,000 = $14,000

c.

Notes payable $16,500

Accounts payable 2,000
total liabilities = 16,500+ 2,000 = 18,500

Total assets: $27,000

Owner's equity= 27,000-18,500 = $ 8,500

Ans to the que no – 02

1. Increase in assets and increase in owner's equity.

2. Increase in assets and increase in liabilities.

3. Decrease in assets and decrease in owner's equity.

4. Increase in assets and increase in owner's equity.

5. Increase in assets and decrease in assets.

6. Decrease in assets and decrease in owner's equity.

7. Increase in liabilities and decrease in owner's equity.

8. Increase in assets and decrease in assets.

9. Increase in assets and increase in owner's equity

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Ans to the que no – 03

1. C
2. D
3. A
4. B
5. D
6. B
7. E
8. F

Ans to the question no – 04

a.

	Assets					=	Liabilities			+	Owner's Equity						
Trans-action	Cash	+	Accounts Receivable	+	Equipment	=	Notes Payable	+	Accounts Payable	+	Owner's Capital	−	Owner's Drawings	+	Revenues	−	Expenses
1.	+$11,000					=					+$11,000						
2.	−800																−$800
3.					+$3,000	=			+$3,000								
4.	+1,500														+$1,500		
5.	+700						+$700										
6.			+$2,000												+2,000		
7.	−500																−500
	−300																−300
	−100																−100
8.	−1,000												−$1,000				
	$10,500	+	$2,000	+	$3,000	=	$700	+	$3,000	+	$11,000	−	$1,000	+	$3,500	−	$1,700

b.

Income statement:

Revenues		
Service revenue		$3,500
Expenses		
Rent expense	$800	
Salaries and wages expense	500	
Utilities expense	300	
Advertising expense	100	
Total expenses		1,700
Net income		$1,800

Owner's Statement

Owner's capital, July 1		$ 0
Add: Investments	$11,000	
Net income	1,800	12,800
		12,800
Less: Drawings		1,000
Owner's capital, July 31		$11,800

Balance Sheet

Assets	
Cash	$10,500
Accounts receivable	2,000
Equipment	3,000
Total assets	$15,500
Liabilities and Owner's Equity	
Liabilities	
Notes payable	$ 700
Accounts payable	3,000
Total liabilities	3,700
Owner's equity	
Owner's capital	11,800
Total liabilities and owner's equity	$15,500

Ans to the question no – 05

1. Increase in assets and increase in owner's equity
2. Decrease in liability and decrease in assets
3. Increase liability and increase assets
4. Increase assets and increase owner's equity
5. Decrease asset and decease owner's equity
6. Increase assets and decrease assets
7. Decrease owner's equity and increase liability
8. Decrease assets and increase assets
9. Increase assets and increase owner's equity

Ans to the question no – 06

a.
   1. Cash investment $25,000
   2. Equipment purchased $10,000
   3. Service performed for $15,000 and get $10,000 cash
   4. $4,000 for personal expense
   5. $2,000 paid for (3)
   6. $3,000 for equipment purchase
   7. Equipment purchased for $10,000 and cash paid $2,000
   8. Withdrawal for owner's personal purpose $1,000
   9. $2,000 expense on account
   10. Liability paid by $3,000
   11. $12,000 notes payable

b. Here, owner's equity increases by $33,000

c. Here,
   revenue: $15,000
   expense: (4000+1000+2000) = $7,000
   net income: 15,000-7,000= $8,000

Ans to the question no – 07

GENERAL JOURNAL

Date	Account Titles and Explanation	Ref.	Debit	Credit
Oct. 1	Cash		30,000	
	Owner's Capital			30,000
2	Rent Expense		700	
	Cash			700
3	Equipment		2,800	
	Accounts Payable			2,800
6	Accounts Receivable		4,400	
	Service Revenue			4,400
27	Accounts Payable		1,100	
	Cash			1,100
30	Utilities Expense		130	
	Accounts Payable			130

Ans to the question no – 08

a. **GENERAL JOURNAL** J1

Date	Account Titles and Explanation	Ref.	Debit	Credit
2020				
Sept. 1	Cash	101	20,000	
	Owner's Capital	301		20,000
	(Owner's investment of cash in business)			
2	Rent Expense	729	1,000	
	Cash	101		1,000
	(Paid September rent)			
3	Equipment	157	25,000	
	Cash	101		10,000
	Notes Payable	200		15,000
	(Purchased laundry equipment for cash and 6-month, 12% note payable)			
4	Prepaid Insurance	130	1,200	
	Cash	101		1,200
	(Paid one-year insurance policy)			
10	Advertising Expense	610	200	
	Accounts Payable	201		200
	(Received bill from *Daily News* for advertising)			
20	Owner's Drawings	306	700	
	Cash	101		700
	(Withdrew cash for personal use)			
30	Cash	101	6,200	
	Service Revenue	400		6,200
	(Received cash for services performed)			

b.

GENERAL LEDGER

Cash — No. 101

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 1		J1	20,000		20,000
2		J1		1,000	19,000
3		J1		10,000	9,000
4		J1		1,200	7,800
20		J1		700	7,100
30		J1	6,200		13,300

Prepaid Insurance — No. 130

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 4		J1	1,200		1,200

Equipment — No. 157

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 3		J1	25,000		25,000

Notes Payable — No. 200

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 3		J1		15,000	15,000

Accounts Payable — No. 201

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 10		J1		200	200

Owner's Capital — No. 301

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 1		J1		20,000	20,000

Owner's Drawings — No. 306

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 20		J1	700		700

Service Revenue — No. 400

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 30		J1		6,200	6,200

Advertising Expense — No. 610

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 10		J1	200		200

Rent Expense — No. 729

Date	Explanation	Ref.	Debit	Credit	Balance
2020					
Sept. 2		J1	1,000		1,000

c.

Trial balance:

	Debit	Credit
Cash	$13,300	
Prepaid Insurance	1,200	
Equipment	25,000	
Notes Payable		$15,000
Accounts Payable		200
Owner's Capital		20,000
Owner's Drawings	700	
Service Revenue		6,200
Advertising Expense	200	
Rent Expense	1,000	
	$41,400	$41,400

Ans to the question no - 09

DATE	TRANSACTION	TITLES	DEBIT	CREDIT
1	Issued common stock for $24,000 cash	Cash	24,000	
		Common Stock		24,000
2	Obtained a bank loan for $7,000 by issuing a note payable	Cash	$7,000	
		Notes Payable		$7,000
3	Paid $11,000 cash to buy equipment	Property, Plant, and Equipment	11,000	
		Cash		11,000
4	Paid $1,200 cash for April office rent	Operation Expense	1,200	
		Cash		1,200
5	Paid $1,450 for supplies	Equipment Expense	$1,450	
		Cash		$1,450
6	Purchased $600 of advertising in the Daily Herald, on account	Advertising	$600	
		Accounts Payable		$600
7	Performed services for $18,000: cash of $2,000 was received from customers, and the balance of $16,000 was billed to customers on account	Accounts Receivable	$16,000	
		Cash	$2,000	
		Service Revenue		$18,000
8	Paid $400 cashed dividend to stockholders	Equity	$400	
		Cash		$400
9	Paid the utility bill for the month $2,000	Accounts Payable	$2,000	
		Cash		$2,000
10	Paid Daily Herald the amount due in transaction (6)	Accounts Payable	$600	

Ans to the question no – 10

1. Insurance Expense	100	
Prepaid Insurance		100
(To record insurance expired)		
2. Supplies Expense ($2,800 – $800)	2,000	
Supplies		2,000
(To record supplies used)		
3. Depreciation Expense	200	
Accumulated Depreciation—Equipment		200
(To record monthly depreciation)		
4. Unearned Service Revenue	4,000	
Service Revenue		4,000
(To record revenue for services performed)		

Ans to the que no – 11

a. The net income is determined by adding revenues and subtracting expenses. The net income is computed as follows.

Revenues		
Service revenue	$14,200	
Rent revenue	800	
Total revenues		$15,000
Expenses		
Salaries and wages expense	9,400	
Rent expense	1,500	
Depreciation expense	850	
Utilities expense	510	
Supplies expense	200	
Interest expense	50	
Total expenses		12,510
Net income		$ 2,490

b. Total assets and liabilities are computed as follows.

Assets			Liabilities	
Cash		$ 6,700	Notes payable	$5,000
Accounts receivable		600	Accounts payable	1,510
Supplies		1,000	Unearned rent revenue	500
Prepaid rent		900	Salaries and wages payable	400
Equipment	$15,000		Interest payable	50
Less: Accumulated depreciation—equipment	850	14,150		
Total assets		$23,350	Total liabilities	$7,460

c.

Owner's capital, April 1	$ 0
Add: Investments	14,000
Net income	2,490
Less: Owner's drawings	600
Owner's capital, June 30	$15,890

Ans to the question no – 12

GENERAL JOURNAL					J1
Date		**Account Titles and Explanation**	**Ref.**	**Debit**	**Credit**
		Adjusting Entries			
Apr.	30	Insurance Expense		150	
		Prepaid Insurance			150
		(To record insurance expired: $3,600 ÷ 24 = $150 per month)			
	30	Depreciation Expense		500	
		Accumulated Depreciation—Equipment			500
		(To record monthly depreciation)			
	30	Interest Expense		200	
		Interest Payable			200
		(To record interest on notes payable: $20,000 × 12% × 1/12 = $200)			
	30	Unearned Service Revenue		700	
		Service Revenue			700
		(To record revenue for services performed: $600 ÷ 6 = $100; $100 per month × 7 = $700)			
	30	Accounts Receivable		1,500	
		Service Revenue			1,500
		(To record revenue for services performed)			