**Weygandt AP 11e**

**Chapter 2**

**Solutions to**

**Challenge Exercises**

**Challenge Exercise 2-1 – Solution**

1.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 |  | Cash………….. |  |  |  | 25,000 |  | |  |
|  |  | Owner’s Capital |  |  |  |  |  | | 25,000 |
|  |  |  |  |  |  |  |  | |  |
| 2 |  | No entry, not a transaction |  |  |  |  | |
|  |  |  |  |  |  |  |  | |  |
| 3 |  | Equipment |  |  |  | 2,900 |  | |  |
|  |  | Cash………………………………………………………….. |  |  |  |  |  | | 700 |
|  |  | Accounts Payable |  |  |  |  |  | | 2,200 |
|  |  |  |  |  |  |  |  | |  |
| 6 |  | Cash........................................................................  Accounts Receivable |  |  |  | 600  3,000 |  | |  |
|  |  | Service Revenue |  |  |  |  |  | | 3,600 |
|  |  |  |  |  |  |  |  | |  |
| 27 |  | Accounts Payable |  |  |  | 900 |  | |  |
|  |  | Cash |  |  |  |  |  | | 900 |
|  |  |  |  |  |  |  |  | |  |
| 30 |  | Salaries and Wages Expense |  |  |  | 2,300 |  | |  |
|  |  | Cash |  |  |  |  |  | | 2,300 |
|  |  |  |  |  |  |  |  | |  |
| 31 |  | Cash…. |  |  |  | 1,200 |  | |  |
|  |  | Accounts Receivable |  |  |  |  |  | | 1,200 |

2. The October 31 balance of Accounts Payable is $1,300 ($2,200 - $900), and would be reported in the liabilities section of the balance sheet.

3. The October 31 balance of Accounts Receivable is $1,800 ($3,000 - $1,200), and would be reported in the assets section of the balance sheet.

**Challenge Exercise 2-2 – Solution**

**(a)**

**General Journal J1**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Account Titles** |  | **Ref.** |  | **Debit** |  | **Credit** |
| **Sept. 1** |  | **Cash….**  **Owner’s Capital** |  | **101**  **301** |  | **20,000** |  | **20,000** |
|  |  |  |  |  |  |  |  |  |
| **5** |  | **Equipment**  **Cash**  **Accounts Payable** |  | **157**  **101**  **201** |  | **17,000** |  | **6,000**  **11,000** |
| **11** |  | **Cash….**  **Accounts Receivable**  **Service Revenue** |  | **101**  **112**  **400** |  | **1,000**  **2,900** |  | **3,900** |
| **25** |  | **Accounts Payable**  **Cash** |  | **201**  **101** |  | **7,000** |  | **7,000** |
|  |  |  |  |  |  |  |  |  |
| **29** |  | **Owner’s Drawings**  **Cash** |  | **306**  **101** |  | **600** |  | **600** |
| **30** |  | **Cash….**  **Accounts Receivable** |  | **101**  **112** |  | **1,500** |  | **1,500** |

**(b)**

**Cash No. 101**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 1** |  |  |  | **J1** |  | **20,000** |  |  |  | **20,000** |
| **5**  **11** |  |  |  | **J1**  **J1** |  | **1,000** |  | **6,000** |  | **14,000**  **15,000** |
| **25** |  |  |  | **J1** |  |  |  | **7,000** |  | **8,000** |
| **29**  **30** |  |  |  | **J1**  **J1** |  | **1,500** |  | **600** |  | **7,400**  **8,900** |

**Accounts Receivable No. 112**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 11** |  |  |  | **J1** |  | **2,900** |  |  |  | **2,900** |
| **30** |  |  |  | **J1** |  |  |  | **1,500** |  | **1,400** |

**Challenge Exercise 2-2 – Solution (Continued)**

**Equipment No. 157**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 5** |  |  |  | **J1** |  | **17,000** |  |  |  | **17,000** |

**Accounts Payable No. 201**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 5** |  |  |  | **J1** |  |  |  | **11,000** |  | **11,000** |
| **25** |  |  |  | **J1** |  | **7,000** |  |  |  | **4,000** |

**Owner’s Capital No. 301**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 1** |  |  |  | **J1** |  |  |  | **20,000** |  | **20,000** |

**Owner’s Drawings No. 306**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** | |
| **Sept.29** |  |  |  | **J1** |  | **600** |  |  |  | | **600** |

**Service Revenue No. 400**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** |  | **Explanation** |  | **Ref.** |  | **Debit** |  | **Credit** |  | **Balance** |
| **Sept. 11** |  |  |  | **J1** |  |  |  | **3,900** |  | **3,900** |

(c) Total assets would be $27,300 ($8,900 + $1.400 + $17,000).

(d) Total liabilities would be $4,000 (just accounts payable).