

# CHAPTER 2

## SOLUTIONS TO EXERCISES—SET B

### EXERCISE 2-1B

1. **False.** An account is an accounting record of a specific asset, *liability*, or owner's equity item.
2. **True.**
3. **False.** Each asset, liability, and owner's equity item *has a separate account*.
4. **True.**
5. **False.** A simple form of an account consisting of the account title, the left side, and the right side, is called a t-account.

## EXERCISE 2-2B

<u>Transaction</u>	<u>Account Debited</u>				<u>Account Credited</u>			
	(a) Basic Type	(b) Specific Account	(c) Effect	(d) Normal Balance	(a) Basic Type	(b) Specific Account	(c) Effect	(d) Normal Balance
Jan. 2	Asset	Cash	Increase	Debit	Owner's Equity	Owner's Capital	Increase	Credit
3	Owner's Equity	Advertising Expense	Increase	Debit	Asset	Cash	Decrease	Debit
9	Asset	Equipment	Increase	Debit	Asset	Cash	Decrease	Debit
11	Asset	Accounts Receivable	Increase	Debit	Owner's Equity	Service Revenue	Increase	Credit
16	Asset	Supplies	Increase	Debit	Liability	Accounts Payable	Increase	Credit
20	Asset	Cash	Increase	Debit	Asset	Accounts Receivable	Decrease	Debit
23	Liability	Accounts Payable	Decrease	Credit	Asset	Cash	Decrease	Debit
28	Owner's Equity	Owner's Drawings	Increase	Debit	Asset	Cash	Decrease	Debit

## EXERCISE 2-3B

General Journal				J1
Date	Account Titles and Explanation	Ref.	Debit	Credit
Jan. 2	Cash .....		20,000	
	Owner's Capital .....			20,000
3	Advertising Expense .....		500	
	Cash .....			500
9	Equipment .....		7,000	
	Cash .....			7,000
11	Accounts Receivable .....		2,300	
	Service Revenue .....			2,300
16	Supplies .....		700	
	Accounts Payable .....			700
20	Cash .....		1,100	
	Accounts Receivable .....			1,100
23	Accounts Payable .....		400	
	Cash .....			400
28	Owner's Drawings .....		1,200	
	Cash .....			1,200

## EXERCISE 2-4B

- Oct. 1   **Debits increase assets: debit Cash \$22,000.**  
           **Credits increase owner's equity: credit Owner's Capital \$22,000.**
- 2       **Debits increase expenses: debit Rent Expense, \$700.**  
           **Credits decrease assets: credit Cash \$700.**
- 3       **Debits increase assets: debit Equipment \$2,800.**  
           **Credits increase liabilities: credit Accounts Payable \$2,800.**

## EXERCISE 2-4B (Continued)

- Oct. 6    Debits increase assets: debit Accounts Receivable \$5,400.  
            Credits increase revenues: credit Service Revenue \$5,400.
- 27        Debits decrease liabilities: debit Accounts Payable \$1,100.  
            Credits decrease assets: credit Cash \$1,100.
- 30        Debits increase expenses: debit Utilities Expense \$180.  
            Credits increase liabilities: credit Accounts Payable \$180.

## EXERCISE 2-5B

### General Journal

Date	Account Titles and Explanation	Ref.	Debits	Credit
Oct. 1	Cash .....		22,000	
	Owner's Capital .....			22,000
2	Rent Expense .....		700	
	Cash .....			700
3	Equipment .....		2,800	
	Accounts Payable .....			2,800
6	Accounts Receivable .....		5,400	
	Service Revenue .....			5,400
27	Accounts Payable .....		1,100	
	Cash .....			1,100
30	Utilities Expense .....		180	
	Accounts Payable .....			180

(a) 1. Increase the asset Cash, increase the liability Notes Payable.  
2. Increase the asset Equipment, decrease the asset Cash.  
3. Increase the expense Rent Expense, decrease the asset Cash.

## EXERCISE 2-7B

$$\begin{array}{ccccccc} 1. & + & & & & & + \\ 2. & + & & + & & & \\ 3. & + & & & & & + \\ 4. & - & & & & & - \end{array}$$

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## EXERCISE 2-8B

1. False. The general ledger contains all the *asset*, liability, and owner's equity accounts.
2. False The general ledger is sometimes referred to as the *ledger*.
3. False. The accounts in the general ledger are arranged in *financial statement order*: first the assets, then the liabilities, owner's capital, owner's drawing, revenues, and expenses.
4. True.
5. True.

## EXERCISE 2-9B

(a)

Cash			
Aug. 1	6,000	Aug. 12	1,000
10	1,700		
31	1,500		
Bal.	8,200		

Notes Payable		
	Aug. 12	5,000

Owner's Capital		
	Aug. 1	6,000

Accounts Receivable			
Aug. 25	2,500	Aug. 31	1,500
Bal.	1,000		

Service Revenue		
	Aug. 10	1,700
	25	2,500
	Bal.	4,200

Equipment	
Aug. 12	6,000

(b)

### BRET QUANDT, INVESTMENT BROKER

#### Trial Balance August 31, 2014

	Debit	Credit
Cash .....	\$ 8,200	
Accounts Receivable .....	1,000	
Equipment .....	6,000	
Notes Payable .....		\$ 5,000
Owner's Capital .....		6,000
Service Revenue .....		4,200
	<u>\$15,200</u>	<u>\$15,200</u>

**EXERCISE 2-10B****(a)****General Journal**

<b>Date</b>	<b>Account Titles and Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>
<b>Apr. 1</b>	<b>Cash.....</b>		<b>18,000</b>	
	<b>Owner's Capital .....</b>			<b>18,000</b>
	<b>(Owner's investment of cash in business)</b>			
<b>12</b>	<b>Cash.....</b>		<b>1,200</b>	
	<b>Service Revenue .....</b>			<b>1,200</b>
	<b>(Received cash for services provided)</b>			
<b>15</b>	<b>Salaries and Wages Expense .....</b>		<b>700</b>	
	<b>Cash .....</b>			<b>700</b>
	<b>(Paid salaries to date)</b>			
<b>25</b>	<b>Accounts Payable.....</b>		<b>1,600</b>	
	<b>Cash .....</b>			<b>1,600</b>
	<b>(Paid creditors on account)</b>			
<b>29</b>	<b>Cash.....</b>		<b>900</b>	
	<b>Accounts Receivable .....</b>			<b>900</b>
	<b>(Received cash in payment of account)</b>			
<b>30</b>	<b>Cash.....</b>		<b>1,400</b>	
	<b>Unearned Service Revenue .....</b>			<b>1,400</b>
	<b>(Received cash for future services)</b>			

## EXERCISE 2-10B (Continued)

(b) **CARRIE'S GARDENING COMPANY**  
**Trial Balance**  
**April 30, 2014**

	<u>Debit</u>	<u>Credit</u>
Cash .....	\$19,200	
Accounts Receivable .....	2,000	
Supplies .....	1,900	
Accounts Payable .....		\$ 300
Unearned Service Revenue .....		1,400
Owner's Capital .....		18,000
Service Revenue .....		4,100
Salaries and Wages Expense .....	700	
	<u>\$23,800</u>	<u>\$23,800</u>

## EXERCISE 2-11B

(a)	Oct. 1	Cash .....	8,500	8,500
		Owner's Capital .....		
		(Owner's investment of cash in business)		
	10	Cash .....	800	
		Service Revenue .....		800
		(Received cash for services provided)		
	10	Cash .....	3,000	
		Notes Payable .....		3,000
		(Obtained loan from bank)		
	20	Cash .....	450	
		Accounts Receivable .....		450
		(Received cash in payment of account)		
	20	Accounts Receivable .....	1,070	
		Service Revenue .....		1,070
		(Billed clients for services provided)		



## EXERCISE 2-11B (Continued)

(b)

### NOLASKO CO. Trial Balance October 31, 2014

	<u>Debit</u>	<u>Credit</u>
Cash .....	\$ 11,800	
Accounts Receivable .....	1,420	
Supplies .....	400	
Equipment .....	2,000	
Notes Payable .....		\$ 3,000
Accounts Payable .....		500
Owner's Capital .....		10,500
Owner's Drawings .....	300	
Service Revenue .....		2,670
Salaries and Wages Expense .....	500	
Rent Expense .....	250	
	<u>\$16,670</u>	<u>\$16,670</u>

## EXERCISE 2-12B

(a)

General Journal				J1
Date	Account Titles and Explanation	Ref.	Debit	Credit
Sept. 1	Cash .....	101	25,000	
	Owner's Capital .....	301		25,000
5	Equipment .....	157	30,000	
	Cash .....	101		7,500
	Accounts Payable .....	201		22,500
25	Accounts Payable .....	201	6,500	
	Cash .....	101		6,500
30	Owner's Drawings .....	306	1,000	
	Cash .....	101		1,000

**EXERCISE 2-12B (Continued)****(b)**

<b>Cash</b>					<b>No. 101</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Sept. 1</b>		<b>J1</b>	<b>25,000</b>		<b>25,000</b>
<b>5</b>		<b>J1</b>		<b>7,500</b>	<b>17,500</b>
<b>25</b>		<b>J1</b>		<b>6,500</b>	<b>11,000</b>
<b>30</b>		<b>J1</b>		<b>1,000</b>	<b>10,000</b>

<b>Equipment</b>					<b>No. 157</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Sept. 5</b>		<b>J1</b>	<b>30,000</b>		<b>30,000</b>

<b>Accounts Payable</b>					<b>No. 201</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Sept. 5</b>		<b>J1</b>		<b>22,500</b>	<b>22,500</b>
<b>25</b>		<b>J1</b>	<b>6,500</b>		<b>16,000</b>

<b>Owner's Capital</b>					<b>No. 301</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Sept. 1</b>		<b>J1</b>		<b>25,000</b>	<b>25,000</b>

<b>Owner's Drawings</b>					<b>No. 306</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Sept. 30</b>		<b>J1</b>	<b>1,000</b>		<b>1,000</b>

**EXERCISE 2-13B**

<u>Error</u>	<u>(a) In Balance</u>	<u>(b) Difference</u>	<u>(c) Larger Column</u>
1.	No	\$500	Debit
2.	Yes	—	—
3.	No	400	Debit
4.	No	400	Debit
5.	Yes	—	—
6.	No	45	Credit

**EXERCISE 2-14B**

**MORAN DELIVERY SERVICE**  
**Trial Balance**  
**July 31, 2014**

	<u>Debit</u>	<u>Credit</u>
<b>Cash (\$54,740 – Debit total without Cash \$40,830) .....</b>	<b>\$ 13,910</b>	
<b>Accounts Receivable .....</b>	<b>5,220</b>	
<b>Prepaid Insurance .....</b>	<b>1,190</b>	
<b>Equipment.....</b>	<b>30,000</b>	
<b>Notes Payable .....</b>		<b>\$16,000</b>
<b>Accounts Payable.....</b>		<b>5,110</b>
<b>Salaries and Wages Payable .....</b>		<b>490</b>
<b>Owner's Capital .....</b>		<b>26,780</b>
<b>Owner's Drawings .....</b>	<b>420</b>	
<b>Service Revenue.....</b>		<b>6,360</b>
<b>Salaries and Wages Expense .....</b>	<b>2,660</b>	
<b>Maintenance and Repairs Expense .....</b>	<b>580</b>	
<b>Gasoline Expense.....</b>	<b>450</b>	
<b>Insurance Expense.....</b>	<b>310</b>	
	<b><u>\$54,740</u></b>	<b><u>\$54,740</u></b>

# SOLUTIONS TO PROBLEMS—SET C

**PROBLEM 2-1C**

				J1
Date	Account Titles and Explanation	Ref.	Debit	Credit
Mar. 1	Cash .....		50,000	
	Owner's Capital .....			50,000
	(Owner's investment of cash in business)			
3	Land .....		23,000	
	Buildings .....		9,000	
	Equipment .....		6,000	
	Cash .....			38,000
	(Purchased Tee's Golf Land)			
5	Advertising Expense .....		1,600	
	Cash .....			1,600
	(Paid for advertising)			
6	Prepaid Insurance .....		1,480	
	Cash .....			1,480
	(Paid for one-year insurance policy)			
10	Equipment .....		2,600	
	Accounts Payable .....			2,600
	(Purchased equipment on account)			
18	Cash .....		800	
	Service Revenue .....			800
	(Received cash for services provided)			
19	Cash .....		1,500	
	Unearned Service Revenue .....			1,500
	(Received cash for future services)			

**PROBLEM 2-1C (Continued)**

<b>Date</b>	<b>Account Titles and Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>
<b>Mar. 25</b>	<b>Owner's Drawings .....</b>		<b>2,000</b>	
	<b>    Cash .....</b>			<b>2,000</b>
	<b>        (Withdrew cash for personal use)</b>			
<b>30</b>	<b>Salaries and Wages Expense .....</b>		<b>600</b>	
	<b>    Cash .....</b>			<b>600</b>
	<b>        (Paid salaries)</b>			
<b>30</b>	<b>Accounts Payable .....</b>		<b>2,600</b>	
	<b>    Cash .....</b>			<b>2,600</b>
	<b>        (Paid creditor on account)</b>			
<b>31</b>	<b>Cash .....</b>		<b>500</b>	
	<b>    Service Revenue .....</b>			<b>500</b>
	<b>        (Received cash for services provided)</b>			

<b>PROBLEM 2-2C</b>
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(a)

				J1
Date	Account Titles and Explanation	Ref.	Debit	Credit
Apr. 1	Cash.....	101	45,000	
	Owner's Capital .....	301		45,000
	(Owner's investment of cash in business)			
1	No entry—not a transaction.			
2	Rent Expense.....	729	800	
	Cash .....	101		800
	(Paid monthly office rent)			
3	Supplies.....	126	1,500	
	Accounts Payable .....	201		1,500
	(Purchased supplies on account)			
10	Accounts Receivable .....	112	1,800	
	Service Revenue .....	400		1,800
	(Billed clients for services provided)			
11	Cash.....	101	500	
	Unearned Service Revenue .....	209		500
	(Received cash for future service)			
20	Cash.....	101	1,500	
	Service Revenue .....	400		1,500
	(Received cash for services provided)			
30	Salaries and Wages Expense .....	726	2,000	
	Cash .....	101		2,000
	(Paid monthly salary)			

**PROBLEM 2-2C (Continued)**

<b>Date</b>	<b>Account Titles and Explanation</b>	<b>Ref.</b>	<b>Debits</b>	<b>Credit</b>
<b>Apr. 30</b>	<b>Accounts Payable .....</b>	<b>201</b>	<b>600</b>	
	<b>Cash .....</b>	<b>101</b>		<b>600</b>
	<b>(Paid creditor on account)</b>			

(b)

**Cash** **No. 101**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Apr. 1</b>		<b>J1</b>	<b>35,000</b>		<b>45,000</b>
<b>2</b>		<b>J1</b>		<b>800</b>	<b>44,200</b>
<b>11</b>		<b>J1</b>	<b>500</b>		<b>44,700</b>
<b>20</b>		<b>J1</b>	<b>1,500</b>		<b>46,200</b>
<b>30</b>		<b>J1</b>		<b>2,000</b>	<b>44,200</b>
<b>30</b>		<b>J1</b>		<b>600</b>	<b>43,600</b>

**Accounts Receivable** **No. 112**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Apr. 10</b>		<b>J1</b>	<b>1,800</b>		<b>1,800</b>

**Supplies** **No. 126**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Apr. 3</b>		<b>J1</b>	<b>1,500</b>		<b>1,500</b>

**Accounts Payable** **No. 201**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Apr. 3</b>		<b>J1</b>		<b>1,500</b>	<b>1,500</b>
<b>30</b>		<b>J1</b>	<b>600</b>		<b>900</b>

**Unearned Service Revenue** **No. 209**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Apr. 11</b>		<b>J1</b>		<b>500</b>	<b>500</b>

## PROBLEM 2-2C (Continued)

Owner's Capital					No. 301
Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 1		J1		45,000	45,000

Service Revenue					No. 400
Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 10		J1		1,800	1,800
20		J1		1,500	3,300

Salaries and Wages Expense					No. 726
Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 30		J1	2,000		2,000

Rent Expense					No. 729
Date	Explanation	Ref.	Debit	Credit	Balance
Apr. 2		J1	800		800

(c) **BARBARA FAIR, ARCHITECT**  
**Trial Balance**  
**April 30, 2014**

	Debit	Credit
Cash .....	\$43,600	
Accounts Receivable .....	1,800	
Supplies .....	1,500	
Accounts Payable .....		\$ 900
Unearned Service Revenue .....		500
Owner's Capital .....		45,000
Service Revenue .....		3,300
Salaries and Wages Expense .....	2,000	
Rent Expense .....	800	
	<u>\$49,700</u>	<u>\$49,700</u>



<b>PROBLEM 2-3C</b>
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(a)

Trans.	Account Titles and Explanation	Debit	Credit
1.	Cash .....	100,000	
	Owner's Capital .....		100,000
2.	No entry—Not a transaction.		
3.	Prepaid Rent .....	36,000	
	Cash .....		36,000
4.	Equipment.....	60,000	
	Cash .....		20,000
	Accounts Payable .....		40,000
5.	Prepaid Insurance .....	3,000	
	Cash .....		3,000
6.	Supplies .....	1,000	
	Cash .....		1,000
7.	Supplies .....	3,000	
	Accounts Payable .....		3,000
8.	Cash .....	10,000	
	Accounts Receivable .....	20,000	
	Service Revenue .....		30,000
9.	Accounts Payable .....	800	
	Cash .....		800
10.	Cash .....	5,000	
	Accounts Receivable .....		5,000
11.	Utilities Expense .....	400	
	Accounts Payable .....		400

# **PROBLEM 2-3C (Continued)**

Trans.	Account Titles and Explanation	Debit	Credit
12.	Salaries and Wages Expense .....	6,000	
	Cash .....		6,000

(b)

Cash			
(1)	100,000		
		(3)	36,000
		(4)	20,000
		(5)	3,000
		(6)	1,000
(8)	10,000		
		(9)	800
(10)	5,000		
		(12)	6,000
	48,200		

Accounts Receivable			
(8)	20,000		
		(10)	5,000
	15,000		

Supplies			
(6)	1,000		
(7)	3,000		
	4,000		

Prepaid Insurance			
(5)	3,000		
	3,000		

Prepaid Rent			
(3)	36,000		
	36,000		

Equipment			
(4)	60,000		
	60,000		

Accounts Payable			
		(4)	40,000
		(7)	3,000
(9)	800		
		(11)	400
			42,600

Owner's Capital			
		(1)	100,000
			100,000

Service Revenue			
		(8)	30,000
			30,000

Salaries and Wages Expense			
(12)	6,000		
	6,000		

Utilities Expense			
(11)	400		
	400		

**PROBLEM 2-3C (Continued)**

**(c)**

**HASKETT SERVICES  
Trial Balance  
May 31, 2014**

	<b>Debit</b>	<b>Credit</b>
Cash .....	<b>\$ 48,200</b>	
Accounts Receivable.....	<b>15,000</b>	
Supplies .....	<b>4,000</b>	
Prepaid Insurance.....	<b>3,000</b>	
Prepaid Rent.....	<b>36,000</b>	
Equipment .....	<b>60,000</b>	
Accounts Payable .....		<b>\$ 42,600</b>
Owner's Capital.....		<b>100,000</b>
Service Revenue .....		<b>30,000</b>
Salaries and Wages Expense .....	<b>6,000</b>	
Utilities Expense .....	<b>400</b>	
	<b><u>\$172,600</u></b>	<b><u>\$172,600</u></b>

<b>PROBLEM 2-4C</b>
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**BILL BELLICHEK CO.**  
**Trial Balance**  
**June 30, 2014**

	<u>Debit</u>	<u>Credit</u>
Cash (\$2,840 + \$270) .....	\$ 3,110	
Accounts Receivable (\$3,231 – \$270) .....	2,961	
Supplies (\$800 – \$340) .....	460	
Equipment (\$3,000 + \$340) .....	3,340	
Accounts Payable (\$2,666 – \$206 – \$260) .....		\$ 2,200
Unearned Service Revenue .....		1,200
Owner's Capital .....		9,000
Owner's Drawing (\$800 + \$500) .....	1,300	
Service Revenue (\$2,380 + \$801) .....		3,181
Salaries and Wages Expense		
(\$3,400 + \$600 – \$500) .....	3,500	
Supplies Expense .....	910	
	<u>\$15,581</u>	<u>\$15,581</u>

<b>PROBLEM 2-5C</b>
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(a)&(c)

<b>Cash</b>					<b>No. 101</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			16,000
2		J1		3,000	13,000
9		J1	6,500		19,500
10		J1		7,000	12,500
12		J1		800	11,700
20		J1	7,200		18,900
20		J1		3,000	15,900
31		J1		4,800	11,100
31		J1	400		11,500
31		J1	7,000		18,500

<b>Accounts Receivable</b>					<b>No. 112</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 31		J1	400		400

<b>Land</b>					<b>No. 140</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			42,000

<b>Buildings</b>					<b>No. 145</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			18,000

<b>Equipment</b>					<b>No. 157</b>
<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			16,000

**PROBLEM 2-5C (Continued)****Accounts Payable****No. 201**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			12,000
2		J1		3,000	15,000
10		J1	7,000		8,000

**Owner's Capital****No. 301**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 1	Balance	✓			80,000

**Service Revenue****No. 400**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 9		J1		6,500	6,500
20		J1		7,200	13,700
31		J1		7,000	20,700

**Rent Revenue****No. 429**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar.31		J1		800	800

**Advertising Expense****No. 610**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar.12		J1	800		800

**Rent Expense****No. 632**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Mar. 2		J1	6,000		6,000
20		J1	3,000		9,000

# **PROBLEM 2-5C (Continued)**

## **Salaries and Wages Expense**

**No. 726**

<b>Date</b>	<b>Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
<b>Mar. 31</b>		<b>J1</b>	<b>4,800</b>		<b>4,800</b>

**(b)**

<b>Date</b>	<b>Account Titles and Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>
				<b>J1</b>
<b>Mar. 2</b>	<b>Rent Expense .....</b>	<b>632</b>	<b>6,000</b>	
	<b>    Accounts Payable .....</b>	<b>201</b>		<b>3,000</b>
	<b>    Cash .....</b>	<b>101</b>		<b>3,000</b>
	<b>        (Rented films for cash and on account)</b>			
<b>3</b>	<b>No entry.</b>			
<b>9</b>	<b>Cash .....</b>	<b>101</b>	<b>6,500</b>	
	<b>    Service Revenue .....</b>	<b>400</b>		<b>6,500</b>
	<b>        (Received cash for services provided)</b>			
<b>10</b>	<b>Accounts Payable (\$3,000 + \$4,000) .....</b>	<b>201</b>	<b>7,000</b>	
	<b>    Cash .....</b>	<b>101</b>		<b>7,000</b>
	<b>        (Paid creditors on account)</b>			
<b>11</b>	<b>No entry.</b>			
<b>12</b>	<b>Advertising Expense.....</b>	<b>610</b>	<b>800</b>	
	<b>    Cash .....</b>	<b>101</b>		<b>800</b>
	<b>        (Paid advertising expense)</b>			
<b>20</b>	<b>Cash .....</b>	<b>101</b>	<b>7,200</b>	
	<b>    Service Revenue .....</b>	<b>400</b>		<b>7,200</b>
	<b>        (Received cash for services provided)</b>			
<b>20</b>	<b>Rent Expense .....</b>	<b>632</b>	<b>3,000</b>	
	<b>    Cash .....</b>	<b>101</b>		<b>3,000</b>
	<b>        (Paid film rental)</b>			

**PROBLEM 2-5C (Continued)**

<b>Date</b>	<b>Account Titles and Explanation</b>	<b>Ref.</b>	<b>Debit</b>	<b>Credit</b>
<b>Mar.31</b>	<b>Salaries and Wages Expense .....</b>	<b>726</b>	<b>4,800</b>	
	<b>    Cash .....</b>	<b>101</b>		<b>4,800</b>
	<b>        (Paid salaries expense)</b>			
<b>31</b>	<b>Cash .....</b>	<b>101</b>	<b>400</b>	
	<b>    Accounts Receivable .....</b>	<b>112</b>	<b>400</b>	
	<b>        Rent Revenue</b>			
	<b>        (10% X \$8,000) .....</b>	<b>429</b>		<b>800</b>
	<b>        (Received cash and balance</b>			
	<b>        on account for rent</b>			
	<b>        revenue)</b>			
<b>31</b>	<b>Cash .....</b>	<b>101</b>	<b>7,000</b>	
	<b>    Service Revenue .....</b>	<b>400</b>		<b>7,000</b>
	<b>        (Received cash for services</b>			
	<b>        provided)</b>			

(d)

**JENSEN THEATER**  
**Trial Balance**  
**March 31, 2014**

	<b>Debit</b>	<b>Credit</b>
<b>Cash.....</b>	<b>\$ 18,500</b>	
<b>Accounts Receivable .....</b>	<b>400</b>	
<b>Land.....</b>	<b>42,000</b>	
<b>Buildings .....</b>	<b>18,000</b>	
<b>Equipment.....</b>	<b>16,000</b>	
<b>Accounts Payable .....</b>		<b>\$ 8,000</b>
<b>Owner's Capital .....</b>		<b>80,000</b>
<b>Service Revenue.....</b>		<b>20,700</b>
<b>Rent Revenue .....</b>		<b>800</b>
<b>Advertising Expense.....</b>	<b>800</b>	
<b>Rent Expense.....</b>	<b>9,000</b>	
<b>Salaries and Wages Expense.....</b>	<b>4,800</b>	
	<b><u>\$109,500</u></b>	<b><u>\$109,500</u></b>