

# 2

# Debits and Credits: Analyzing and Recording Business Transactions

## **ANSWERS TO DISCUSSION QUESTIONS AND CRITICAL THINKING/ETHICAL CASE**

1. A ledger is a group of accounts that records in monetary value the data from business transactions.
2. The left-hand side is always the debit side. It is an arbitrary rule.
3. False. Accounts with one entry will not need footings.
4. The financial statements are the end products of the accounting process.
5. The transaction analysis chart is a teaching device that is not used in the regular accounting process.
6. Which accounts are affected? Which categories do the accounts belong? Are the accounts increasing or decreasing? What do the rules of debit and credit say? What does the T-account look like?
7. Disagree. Computers will record debits and credits based on the account type.
8. False. The trial balance is an informal report that does not have the same status as financial statements. The trial balance is used to prepare the financial statements.
9. The financial statements are prepared from the ending balances of the accounts (debit or credit) in the ledger. The columns on financial statements are used for listing amounts and for subtotaling.
10. It is easier to prepare the reports from the trial balance rather than the expanded accounting equation because the trial balance lists all accounts and their balances. The columns for revenue, expenses, etc., in the expanded accounting equation do not list specific titles and their balances.
11. The question in this case is whether Meg should be allowed to put fictitious figures into the trial balance. I would not support this type of behavior. Her behavior is extremely unprofessional and goes against professional ethical standards. Instead of putting in fictitious figures, Meg should stay late and correct the trial balance. She could also ask for help.

## SOLUTIONS TO CONCEPT CHECKS

1. The ending balance in Cash is \$13,200(debit balance). The ending balance in M. Meade, Capital is \$17,000(credit balance).

Cash 110	
9/5 4,000	800 7/25
9/9 10,000	
14,000	800
Bal. 13,200	

M. Meade, Capital 311	
	9,000 6/9
	5,000 9/3
	3,000 9/7
	17,000 Bal.

2.

	Incr.	Decr.	Normal Bal.
A. Liability	Cr.	Dr.	Cr.
B. Revenue	Cr.	Dr.	Cr.
C. Asset	Dr.	Cr.	Dr.
D. Capital	Cr.	Dr.	Cr.
E. Withdrawal	Dr.	Cr.	Dr.
F. Asset	Dr.	Cr.	Dr.
G. Expense	Dr.	Cr.	Dr.

3.

Account	Category	Increase/Decrease	Dr. or Cr.	T Accounts
				<div>Cash</div> <div>1,100</div>
Cash	Asset	↑	Dr.	
				<div>Acc. Rec.</div> <div>2,900</div>
Accounts Receivable	Asset	↑	Dr.	
				<div>Tutoring Fees Earned</div> <div>4,000</div>
Tutoring Fees Earned	Revenue	↑	Cr.	

4. Cash

Accounts Receivable  
 Office Equipment  
 Accounts Payable  
 B. O'Mally, Capital  
 B. O'Mally, Withdrawals  
 Hair Salon Fees Earned  
 Advertising Expense  
 Salary Expense  
 Selling Expense

5. A. BS  
 B. BS  
 C. BS  
 D. BS  
 E. OE  
 F. OE  
 G. IS  
 H. IS  
 I. IS  
 J. IS  
 K. IS

## SOLUTIONS TO SET A EXERCISES

### 2A-1. Balance Sheet Accounts

#### Assets

- 111 Cash
- 112 Accounts Receivable
- 121 Office Equipment (Microsoft Surface Tablet)

#### Liabilities

- 211 Accounts Payable

#### Owner's Equity

- 311 L. Janas, Capital
- 312 L. Janas, Withdrawals

### Income Statement Accounts

#### Revenue

- 411 Legal Fees

#### Expenses

- 511 Salary Expense
- 512 Repair Expense
- 513 Advertising Expense

### 2A-2.

1. Accounts Affected	2. Category	3. ↑↓	4. Rules	5. T-Account Update
Computer Equipment	Asset	↑	Dr.	<div>Computer Equipment</div> <hr/> <div>25,000</div>
Cash	Asset	↓	Cr.	<div>Cash</div> <hr/> <div>6,000</div>
Accounts Payable	Liability	↑	Cr.	<div>Accounts Payable</div> <hr/> <div>19,000</div>

**EXERCISES(CONTINUED)**  
2A-3.

ACCOUNT	CATEGORY	↑	↓	FINANCIAL STATEMENT
Computer Supplies	Asset	Dr.	Cr.	Balance Sheet
Legal Fees Earned	Revenue	Cr.	Dr.	Income Statement
P. Roy, Withdrawals	Withdrawal	Dr.	Cr.	Statement of Owner's Equity
Accounts Payable	Liability	Cr.	Dr.	Balance Sheet
Salaries Expense	Expense	Dr.	Cr.	Income Statement
Auto	Asset	Dr.	Cr.	Balance Sheet

2A-4.

	Dr.	Cr.
A.	8	1
B.	6	1
C.	9	4
D.	1	7
E.	10	1
F.	3	5
G.	2	7
H.	1	2
I.	3	4

# EXERCISES(CONTINUED)

2A-5.

(1)

## HUGO'S CLEANERS INCOME STATEMENT FOR MONTH ENDED JULY 31, 201X

Revenue:									
Cleaning Fees						\$	5	0	4
Operating Expenses:									
Salaries Expense	\$	1	7	5					
Utilities Expense			7	5					
Total Operating Expenses							2	5	0
Net Income						\$	2	5	4

(2)

## HUGO'S CLEANERS STATEMENT OF OWNER'S EQUITY FOR MONTH ENDED JULY 31, 201X

J. Hugo, Capital, July 1, 201X						\$	8	5	3
Net Income for July	\$	2	5	4					
Less: Withdrawals for July		(1	1	5)					
Increase in Capital							1	3	9
J. Hugo, Capital, July 31, 201X						\$	9	9	2

(3)

## HUGO'S CLEANERS BALANCE SHEET JULY 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Cash	\$	6	0	0	Liabilities				
Equipment		6	9	2	Accounts Payable	\$	3	0	0
					Owner's Equity				
					J. Hugo, Capital		9	9	2
					Total Liabilities and				
Total Assets	\$1	2	9	2	Owner's Equity	\$1	2	9	2



## SOLUTIONS TO SET B EXERCISES

### 2B-1. Balance Sheet Accounts

#### Assets

- 111 Cash
- 112 Accounts Receivable
- 121 Office Equipment (Apple iPad)

#### Liabilities

- 211 Accounts Payable

#### Owner's Equity

- 311 L. Jones, Capital
- 312 L. Jones, Withdrawals

### Income Statement Accounts

#### Revenue

- 411 Legal Fees Earned

#### Expenses

- 511 Salary Expense
- 512 Rent Expense
- 513 Advertising Expense

### 2B-2.

1. Accounts Affected	2. Category	3. ↑↓	4. Rules	5. T-Account Update
Computer Equipment	Asset	↑	Dr.	<div>Computer Equipment</div> <div>22,000</div>
Cash	Asset	↓	Cr.	<div>Cash</div> <div>5,000</div>
Accounts Payable	Liability	↑	Cr.	<div>Accounts Payable</div> <div>17,000</div>



**EXERCISES(CONTINUED)**

2B-3.

ACCOUNT	CATEGORY	↑	↓	FINANCIAL STATEMENT
Office Supplies	Asset	Dr.	Cr.	Balance Sheet
Rental Fees Earned	Revenue	Cr.	Dr.	Income Statement
A. Troy, Withdrawals	Withdrawal	Dr.	Cr.	Statement of Owner's Equity
Accounts Payable	Liability	Cr.	Dr.	Balance Sheet
Wage Expense	Expense	Dr.	Cr.	Income Statement
Computer	Asset	Dr.	Cr.	Balance Sheet

2B-4.

	Dr.	Cr.
A.	8	1
B.	6	1
C.	9	4
D.	1	7
E.	10	1
F.	3	5
G.	2	7
H.	1	2
I.	3	4

# EXERCISES(CONTINUED)

2B-5.

(1)

## HELM'S CLEANERS INCOME STATEMENT FOR MONTH ENDED MAY 31, 201X

Revenue:									
Cleaning Fees						\$	4	2	0
Operating Expenses:									
Salaries Expense	\$	1	2	5					
Utilities Expense			9	7					
Total Operating Expenses							2	2	2
Net Income						\$	1	9	8

(2)

## HELM'S CLEANERS STATEMENT OF OWNER'S EQUITY FOR MONTH ENDED MAY 31, 201X

J. Helm, Capital, May 1, 201X						\$	8	6	2
Net Income for May	\$	1	9	8					
Less: Withdrawals for May		(1	4	0)					
Increase in Capital							5	8	
J. Helm, Capital, May 31, 201X						\$	9	2	0

(3)

## HELM'S CLEANERS BALANCE SHEET MAY 31, 201X

ASSETS					LIABILITIES AND OWNER'S EQUITY				
Cash	\$	3	0	0	Liabilities				
Equipment		9	1	0	Accounts Payable	\$	2	9	0
					Owner's Equity				
					J. Helm, Capital		9	2	0
					Total Liabilities and				
Total Assets	\$1	2	1	0	Owner's Equity	\$1	2	1	0

## SOLUTIONS TO SET A PROBLEMS

### PROBLEM 2A-1

Accounts Affected	Category	Inc. ↑	Dec. ↓	Rules	T-Account update	
A. Cash	Asset	↑		Dr.	Cash	Brenden Oulette, Capital
					(A) 21,000	21,000 (A)
Brenden Oulette, Capital	Capital*	↑		Cr.		
B. Delivery Trucks	Asset	↑		Dr.	Delivery Trucks	Accounts Payable
					(B) 6,000	6,000 (B)
Accounts Payable	Liability	↑		Cr.		
C. Rent Expense	Expense	↑		Dr.	Rent Expense	Accounts Payable
					(C) 900	6,000 (B) 900 (C)
Accounts Payable	Liability	↑		Cr.		
D. Cash	Asset	↑		Dr.	Cash	Delivery Fees Earned
					(A) 21,000 (D) 1,400	1,400 (D)
Delivery Fees Earned	Revenue	↑		Cr.		
E. Accounts Receivable	Asset	↑		Dr.	Accounts Receivable	Delivery Fees Earned
					(E) 370	1,400 (D) 370 (E)
Delivery Fees Earned	Revenue	↑		Cr.		
F. Brenden Oulette, Withdrawals	Withdrawal*	↑		Dr.	Brenden Oulette, Withdrawals	Cash
					(F) 750	(A) 21,000 (D) 1,400 750 (F)
Cash	Asset	↓		Cr.		

\* A subdivision of Owner's Equity

## PROBLEM 2A-2

Cash 111	
(A) 20,000	90(D)
(C) 2,900	550(E)
	1,000(G)

Office Equipment 121	
(B) 8,000	

Accounts Payable 211	
(G) 1,000	8,000 (B)
	1,400 (F)

Brett Pillows, Capital 311	
	20,000 (A)

Brett Pillows, Withdrawals 312	
(D) 90	

Consulting Fees Earned 411	
	2,900(C)

Advertising Expense 511	
(E) 550	

Rent Expense 512	
(F) 1,400	

# **PROBLEM 2A-3**

(a)

Cash 111		Accounts Payable 211		Cleaning Fees Earned 411	
(A) 12,000	700 (D)	(D) 700	1,300 (C)		9,000 (B)
(G) 2,500	250 (E)		600 Bal		
	300 (F)				
	350 (H)				
	300 (I)				
14,500	1,900				
Bal 12,600					
Accounts Receivable 112		Bill Jolt, Capital 311		Rent Expense 511	
(B) 9,000	2,500 (G)		12,000 (A)	(F) 300	
Bal 6,500					
Office Equipment 121		Bill Jolt, Withdrawals 312		Utilities Expense 512	
(C) 1,300		(I) 300		(E) 250	
(H) 350					
Bal 1,650					

(b)

## **BILL'S CLEANING SERVICE TRIAL BALANCE DECEMBER 31, 201X**

Dr. Cr.

<b>Cash</b>	<b>12</b>	<b>6</b>	<b>0</b>	<b>0</b>					
<b>Accounts Receivable</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>0</b>					
<b>Office Equipment</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>0</b>					
<b>Accounts Payable</b>						<b>6</b>	<b>0</b>	<b>0</b>	
<b>Bill Jolt, Capital</b>					<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Bill Jolt, Withdrawals</b>		<b>3</b>	<b>0</b>	<b>0</b>					
<b>Cleaning Fees Earned</b>					<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Rent Expense</b>		<b>3</b>	<b>0</b>	<b>0</b>					
<b>Utilities Expense</b>		<b>2</b>	<b>5</b>	<b>0</b>					
<b>Totals</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>0</b>	

**PROBLEM 2A-4**

(a)

**GIRTIE LILLIS, ATTORNEY AT LAW  
INCOME STATEMENT  
FOR MONTH ENDED MAY 31, 201X**

<b>Revenue:</b>										
<b>Revenue from Legal Fees</b>						\$1	8	0	0	
<b>Operating Expenses:</b>										
<b>Utilities Expense</b>	\$	2	5	0						
<b>Rent Expense</b>		5	0	0						
<b>Salaries Expense</b>		5	0	0						
<b>Total Operating Expenses</b>						1	2	5	0	
<b>Net Income</b>						\$	5	5	0	

(b)

**GIRTIE LILLIS, ATTORNEY AT LAW  
STATEMENT OF OWNER'S EQUITY  
FOR MONTH ENDED MAY 31, 201X**

<b>Girtie Lillis, Capital, May 1, 201X</b>						\$2	7	2	0	
<b>Net Income for May</b>	\$	5	5	0						
<b>Less: Withdrawals for May</b>		(8	0	0)						
<b>Decrease in Capital</b>							(2	5	0)	
<b>Girtie Lillis, Capital, May 31, 201X</b>						\$2	4	7	0	

**(c)**

**GIRTIE LILLIS, ATTORNEY AT LAW**  
**BALANCE SHEET**  
**MAY 31, 201X**

**LIABILITIES AND OWNER'S EQUITY**[illegible]

## PROBLEM 2A-5

(1, 2)

Cash	111
(A) 30,000	1,500 (C)
(E) 2,400	500 (D)
(J) 600	900 (F)
	1,100 (G)
	250 (K)
33,000	4,250
28,750	

Accounts Receivable	112
(H) 900	600 (J)
300	

Office Equipment	121
(C) 1,500	

Delivery Trucks	122
(B) 14,000	

Accounts Payable	211
	14,000 (B)
	100 (I)
	14,100

Andrea Adler, Capital	311
	30,000 (A)

Andrea Adler, Withdrawals	312
(K) 250	

Delivery Fees Earned	411
	2,400 (E)
	900 (H)
	3,300

Advertising Expense	511
(D) 500	

Gas Expense	512
(G) 1,100	

Salaries Expense	513
(F) 900	

Telephone Expense	514
(I) 100	



**PROBLEM 2A-5 (CONTINUED)**

(3)

**ADLER'S DELIVERY SERVICE  
TRIAL BALANCE  
JULY 31, 201X**

	Dr.				Cr.			
Cash	28	7	5	0				
Accounts Receivable		3	0	0				
Office Equipment	1	5	0	0				
Delivery Trucks	14	0	0	0				
Accounts Payable					14	1	0	0
A. Adler, Capital					30	0	0	0
A. Adler, Withdrawals		2	5	0				
Delivery Fees Earned					3	3	0	0
Advertising Expense		5	0	0				
Gas Expense	1	1	0	0				
Salaries Expense		9	0	0				
Telephone Expense		1	0	0				
Totals	47	4	0	0	47	4	0	0

(4a)

**ADLER'S DELIVERY SERVICE  
INCOME STATEMENT  
FOR MONTH ENDED JULY 31, 201X**

Revenue:									
Delivery Fees Earned						\$3	3	0	0
Operating Expenses:									
Advertising Expense	\$	5	0	0					
Gas Expense	1	1	0	0					
Salaries Expense		9	0	0					
Telephone Expense		1	0	0					
Total Operating Expenses						2	6	0	0
Net Income						\$	7	0	0

**PROBLEM 2A-5 (CONCLUDED)**

(4b)

**ADLER'S DELIVERY SERVICE  
STATEMENT OF OWNER'S EQUITY  
FOR MONTH ENDED JULY 31, 201X**

A. Adler, Capital, July 1, 201X						\$			0	
Investment in July						30	0	0	0	
Total investment for July						30	0	0	0	
Net Income for July	\$	7	0	0						
Less: Withdrawals for July		(2	5	0)						
Increase in Capital							4	5	0	
A. Adler, Capital, July 31, 201X						\$30	4	5	0	

(4c)

**ADLER'S DELIVERY SERVICE  
BALANCE SHEET  
JULY 31, 201X**

<b>ASSETS</b>	<b>LIABILITIES AND</b>
<b>OWNER'S EQUITY</b>	

Cash	\$28	7	5	0		Liabilities				
Accounts Receivable		3	0	0		Accounts Payable	\$14	1	0	0
Office Equipment	1	5	0	0						
Delivery Trucks	14	0	0	0		Owner's Equity				
						A. Adler, Capital	30	4	5	0
						Total Liabilities and				
Total Assets	\$44	5	5	0		Owner's Equity	\$44	5	5	0

## SOLUTIONS TO SET B PROBLEMS

### PROBLEM 2B-1

Accounts Affected	Category	Inc. ↑	Dec. ↓	Rules	T-Account update	
A. Cash	Asset	↑		Dr.	Cash	B. O'Brien, Capital
					(A) 25,000	25,000 (A)
B. O'Brien, Capital	Capital	↑		Cr.		
B. Delivery Trucks	Asset	↑		Dr.	Delivery Trucks	Accounts Payable
					(B) 12,000	12,000 (B)
Accounts Payable	Liability	↑		Cr.		
C. Rent Expense	Expense	↑		Dr.	Rent Expense	Accounts Payable
					(C) 1,100	12,000 (B) 1,100 (C)
Accounts Payable	Liability	↑		Cr.		
D. Cash	Asset	↑		Dr.	Cash	Delivery Fees Earned
					(A) 25,000 (D) 1,500	1,500 (D)
Delivery Fees Earned	Revenue	↑		Cr.		
E. Accounts Receivable	Asset	↑		Dr.	Accounts Receivable	Delivery Fees Earned
					(E) 600	1,500 (D) 600 (E)
Delivery Fees Earned	Revenue	↑		Cr.		
F. B. O'Brien, Withdrawals	Withdrawal	↑		Dr.	B. O'Brien, Withdrawals	Cash
					(F) 700	(A) 25,000 (D) 1,500 700 (F)
Cash	Asset	↓		Cr.		



## PROBLEM 2B-2

Cash	111
(A) 30,000	115 (D)
(C) 1,100	600 (E)
	700 (G)
Office Equipment	121
(B) 5,000	
Accounts Payable	211
(G) 700	5,000 (B)
	1,000 (F)
Bill Palu, Capital	311
	30,000 (A)

Bill Palu, Withdrawals	312
(D) 115	
Consulting Fees Earned	411
	1,100 (C)
Advertising Expense	511
(E) 600	
Rent Expense	512
(F) 1,000	

# **PROBLEM 2B-3**

(a)

<b>Cash</b> 111 <hr/> 15,000 (A) 1,000 (G) <hr/> 16,000 <hr/> Bal. 13,450 <hr/> <b>Accounts Receivable</b> 112 <hr/> 15,000 (B) 1,000 (G) <hr/> Bal. 14,000 <hr/> <b>Office Equipment</b> 121 <hr/> 1,900 (C) 200 (H) <hr/> Bal. 2,100 <hr/>	<b>Accounts Payable</b> 211 <hr/> 800 (D) 1,900 (C) <hr/> 1,100 Bal. <hr/>  <hr/> <b>Breck Jal, Capital</b> 311 <hr/> 15,000 (A) <hr/>  <hr/> <b>Breck Jal, Withdrawals</b> 312 <hr/> 1,100 (I) <hr/>	<b>Cleaning Fees Earned</b> 411 <hr/> 15,000 (B) <hr/>  <hr/> <b>Rent Expense</b> 511 <hr/> 250 (F) <hr/>  <hr/> <b>Utility Expense</b> 512 <hr/> 200 (E) <hr/>
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(b)

## **BRECK'S CLEANING SERVICE TRIAL BALANCE MAY 31, 201X**

	Dr.					Cr.				
<b>Cash</b>	13	4	5	0						
<b>Accounts Receivable</b>	14	0	0	0						
<b>Office Equipment</b>	2	1	0	0						
<b>Accounts Payable</b>						1	1	0	0	
<b>Breck Jal, Capital</b>						15	0	0	0	
<b>Breck Jal, Withdrawals</b>	1	1	0	0						
<b>Cleaning Fees Earned</b>						15	0	0	0	
<b>Rent Expense</b>		2	5	0						
<b>Utilities Expense</b>		2	0	0						
<b>Totals</b>	31	1	0	0		31	1	0	0	

**PROBLEM 2B-4**

(a)

**GRETCHEN LYMAN, ATTORNEY AT LAW  
INCOME STATEMENT  
FOR MONTH ENDED JANUARY 31, 201X**

<b>Revenue:</b>										
Revenue from Legal Fees						\$1	3	5	0	
<b>Operating Expenses:</b>										
Utilities Expense	\$	3	0	0						
Rent Expense		3	0	0						
Salaries Expense		1	0	0						
Total Operating Expenses							7	0	0	
Net Income						\$	6	5	0	

(b)

**GRETCHEN LYMAN, ATTORNEY AT LAW  
STATEMENT OF OWNER'S EQUITY  
FOR MONTH ENDED JANUARY 31, 201X**

Gretchen Lyman, Capital, January 1, 201X						\$5	7	9	5	
Net Income for January	\$	6	5	0						
Less: Withdrawals for January		(1	7	5)						
Increase in Capital							4	7	5	
Gretchen Lyman, Capital, January 31, 201X						\$6	2	7	0	

(c)

## ASSETS

[illegible]



## PROBLEM 2B-5

(1, 2)

Cash	111
(A) 20,000	1,500 (C)
(E) 2,600	450 (D)
(J) 900	700 (F)
	900 (G)
	200 (K)

23,500	3,750
Bal. 19,750	

Accounts Receivable	112
(H) 1,700	900 (J)
Bal. 800	

Office Equipment	121
(C) 1,500	

Delivery Trucks	122
(B) 13,000	

Accounts Payable	211
	13,000 (B)
	500 (I)
	Bal. 13,500

Andrea Aikman, Capital	311
	20,000 (A)

Andrea Aikman, Withdrawals	312
(K) 200	

Delivery Fees Earned	411
	2,600 (E)
	1,700 (H)
	Bal. 4,300

Advertising Expense	511
(D) 450	

Gas Expense	512
(G) 900	

Salaries Expense	513
(F) 700	

Telephone Expense	514
(I) 500	

**(3)**

## MAY 31, 201X

[illegible]

**(4a)**

## INCOME STATEMENT

Revenue:										
Delivery Fees Earned						\$4	3	0	0	
Operating Expenses:										
Advertising Expense	\$	4	5	0						
Gas Expense		9	0	0						
Salaries Expense		7	0	0						
Telephone Expense		5	0	0						
Total Operating Expenses						2	5	5	0	
Net Income						\$1	7	5	0	

**(4b)**

[illegible]**LIABILITIES AND OWNER'S EQUITY**[illegible]

## FINANCIAL REPORT PROBLEM SOLUTION—2013 Kellogg's Annual Report

Year	Accounts Payable
2013	\$1,432 million
2012	<u>\$1,402 million</u>
Increase	<u>\$30 million</u>

**Accounts Payable increased by \$30 million in 2013. The change means Kellogg owes more to suppliers in 2013 than 2012. Accounts Payable is a liability that increases with a credit.**

ON THE JOB--Smith Computer Center Solution

Cash 1000		Accounts Receivable 1020		Supplies 1030		Computer Shop Equipment 1080	
3,425 (bal)	450 (l)	1,700 (o)		200 (bal)		1,800 (bal)	
1,300 (p)	150 (m)			300 (s)			
	900 (n)				500		
	75 (q)						
	70 (r)						
4,725	1,645						
Feldman, Withdrawals 3010		Office Equipment 1090		Accounts Payable 2000		Feldman, Capital 3000	
175 bal		8,300 (bal)		150 (m)	275 (bal)		6,000 (bal)
				75 (q)	80 (k)		
					300 (s)		
					655		
					430		
Feldman, Withdrawals 3010		Service Revenue 4000		Advertising Expense 5010		Rent Expense 5020	
175 bal		3,200 (bal)		900 (m)		500 (bal)	
		1,700 (o)					
		1,300 (p)					
		6,200					
Utilities Expense 5030		Phone Expense 5040		Supplies Expense 5050		Insurance Expense 5060	
75 bal		80 (k)		0		450 (l)	
Postage Expense 5070							
70 (r)							

## Dr. Cr.

**SMITH COMPUTER CENTER  
INCOME STATEMENT  
FOR THE TWO MONTHS ENDED AUGUST 31, 201X**

[illegible]



[illegible]

ASSETS						LIABILITIES AND OWNER'S EQUITY							
Cash	\$3	0	8	0	00	Liabilities:							
Accounts Receivable	1	7	0	0	00	Accounts Payable	\$	4	3	0	00		
Supplies		5	0	0	00								
Computer Shop Equipment	1	8	0	0	00	Owner's Equity:							
Office Equipment	3	3	0	0	00	Feldman, Capital	9	9	5	0	00		
						Total Liabilities and							
Total Assets	\$10	3	8	0	00	Owner's Equity	\$10	3	8	0	00		