

Transactions That Affect Assets, Liabilities, and Owner's Capital

PROBLEM 4-1 Ordering and Numbering a Chart of Accounts

The following accounts are used by Gordan Enterprises.

| | | |
|--|---|--|
| Accounts Payable— Custom Craft Inc. | Accounts Receivable— Hanover Company | Miscellaneous Expense Office Equipment |
| Accounts Payable— Sorenson Ltd. | Advertising Expense Cash in Bank | Gail Gordan, Capital Gail Gordan, Withdrawals |
| Accounts Receivable— Beisler Inc. | Fees Income Income Summary | Supplies Utilities Expense |

1. Rearrange the accounts in the order in which they would be listed in the chart of accounts for Gordan Enterprises.
2. Assign each account an account number.

Gordan Enterprises Chart of Accounts

| | | |
|-----------------------------|-------|-------|
| Assets (100–199) | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| Liabilities (200–299) | _____ | _____ |
| | _____ | _____ |
| Owner's Equity (300–399) | _____ | _____ |
| | _____ | _____ |
| | _____ | _____ |
| Revenue (400–499) | _____ | _____ |
| | _____ | _____ |
| Expenses (500–599) | _____ | _____ |
| | _____ | _____ |

PROBLEM 4-2 Analyzing a Cash Purchase

On July 12, ABC Computers issued Check 602 for \$4,700 for office equipment.

1. Which accounts are affected?

2. What is the classification of each account?

_____ is a(n) _____ account.

_____ is a(n) _____ account.

3. Is each account increased or decreased?

_____ is _____.

_____ is _____.

4. Which account is debited, and for what amount?

_____ is debited for \$_____.

5. Which account is credited, and for what amount?

_____ is credited for \$_____.

6. What is the complete entry in T-account form?



Demonstration Problems cont.

PROBLEM 4-3 Analyzing a Credit Purchase

On August 10, ABC Computers bought office supplies on account from Top Drawer Supplies for \$400.

1. Which accounts are affected?

2. What is the classification of each account?

_____ is a(n) _____ account.

_____ is a(n) _____ account.

3. Is each account increased or decreased?

_____ is _____.

_____ is _____.

4. Which account is debited, and for what amount?

_____ is debited for \$_____.

5. Which account is credited, and for what amount?

_____ is credited for \$_____.

6. What is the complete entry in T-account form?

