

Problem 4-4 Using T Accounts to Analyze Transactions

Regina Delgado owns a business called Hot Suds Car Wash. She uses the following accounts:

General Ledger

101	Cash in Bank	201	Accounts Payable—
110	Accounts Receivable— Valley Auto		Allen Vacuum Systems
125	Office Equipment	301	Regina Delgado, Capital
130	Office Furniture		
135	Car Wash Equipment		

Instructions For each transaction:

1. Determine which accounts are affected.
2. Prepare T accounts for the accounts affected.
3. Enter the debit and credit amounts in the T accounts.

Date	Transactions
May 5	1. Regina Delgado invested an additional \$40,000 cash in her business.
12	2. Bought another car wash system on account for \$27,000 from Allen Vacuum Systems.
17	3. Regina Delgado transferred some of her personal office furniture, valued at \$3,750, to her business.
24	4. Hot Suds Car Wash purchased additional office equipment for \$7,500. Payment was made by check.
29	5. Hot Suds Car Wash sold some surplus car washing equipment on account to Valley Auto for \$1,200.

Analyze

Calculate the ending balance for the liability account **Accounts Payable—Allen Vacuum Systems**.

Problem 4-5 Analyzing Transactions into Debit and Credit Parts

Abe Shultz owns Kits & Pups Grooming and uses the following accounts:

General Ledger

101	Cash in Bank	205	Accounts Payable— Dogs & Cats Inc.
115	Accounts Receivable— Martha Giles	301	Abe Shultz, Capital
125	Office Equipment		
130	Office Furniture		
140	Grooming Equipment		

Instructions For each transaction:

1. In your working papers, prepare a T account for each account listed.
2. Using the appropriate T accounts, analyze and record each of the following business transactions. Identify each transaction by number.
3. After recording all transactions, write the word *Balance* on the normal balance side of each T account. Then compute and record the balance for each account.

Date	Transactions
May 1	1. Abe Shultz invested an additional \$45,000 cash in his business.
5	2. Bought grooming equipment on account from Dogs & Cats Inc. for \$8,500.
10	3. Purchased an office lamp for \$85, Check 150.
14	4. Abe Shultz transferred his personal typewriter, worth \$200, to the business.
19	5. Made a \$3,000 payment on the grooming equipment bought on account, Check 151.
22	6. Sold the typewriter on account to Martha Giles for \$200.
29	7. Bought a photocopier for \$1,500, Check 152.
31	8. Received a \$100 payment for the typewriter sold on account.

Analyze

Calculate the total cash spent in the month of May.

Problem 4-6 Analyzing Transactions into Debit and Credit Parts

Juanita Ortega runs Outback Guide Service. The accounts she uses to record and report business transactions are listed below.

General Ledger

101	Cash in Bank	205	Accounts Payable— Peak Equipment Inc.
105	Accounts Receivable— Mary Johnson	207	Accounts Payable— Premier Processors
130	Office Equipment	301	Juanita Ortega, Capital
140	Computer Equipment		
145	Hiking Equipment		
150	Rafting Equipment		

Instructions For each transaction:

1. In your working papers, prepare a T account for each account.
2. Analyze and record each of the following business transactions in the appropriate T accounts. Identify each transaction by number.
3. After recording all transactions, compute and record the account balance on the normal balance side of each T account.
4. Add the balances of those accounts with normal debit balances.
5. Add the balances of those accounts with normal credit balances.
6. Compare the two totals. Are they the same?

Date	Transactions
May 2	1. Juanita Ortega transferred an additional \$53,250 from her personal savings account into the business checking account.
6	2. Bought hiking equipment for \$550, Check 367.
7	3. Bought rafting equipment on account from Peak Equipment Inc. for \$2,675.
11	4. Juanita Ortega transferred her own computer, valued at \$850, to the business.
16	5. Bought a cash register for the office on account from Premier Processors for \$1,250.
19	6. Sold the computer on credit for \$850 to Mary Johnson.
22	7. Paid \$500 on account to Peak Equipment Inc., Check 368.
24	8. Purchased shelves for the office for \$650, Check 369.
28	9. Paid \$1,250 on account to Premier Processors, Check 370.
31	10. Bought rafting oars for \$175, Check 371.

Analyze

Calculate the ending balance in the Computer Equipment account.

SPREADSHEET SMART GUIDE

Step-by-Step Instructions:

Problem 4-6

1. Select the spreadsheet template for Problem 4-6.
2. Enter your name and the date in the spaces provided on the template.
3. Complete the spreadsheet using the instructions in your working papers.
4. Print the spreadsheet and proof your work.
5. Complete the Analyze activity.
6. Save your work and exit the spreadsheet program.



Problem 4-7 Analyzing Transactions Recorded in T Accounts

Richard Tang owns and operates a job placement service, Job Connect. The T accounts below summarize several business transactions for May.

Instructions Use a form similar to the one presented below. For each of the 10 transactions:

1. Identify the account debited, and record the account name in the appropriate column.
2. Indicate whether the account debited is being increased or decreased.
3. Identify the account credited, and write the account name in the appropriate column.
4. Indicate whether the account credited is being increased or decreased.
5. Write a short description of the transaction.

Trans No.	Account Debited	(1) Increase (I) or Decrease (D)	(2)	(3) Account Credited	(4) Increase (I) or Decrease (D)	(5) Description
1	Cash in Bank	I		Richard Tang, Capital	I	Richard Tang invested \$15,000 in the business.
Cash in Bank						
	Debit		Credit			
	+ (1) 15,000		- (4) 1,225			
	(9) 225		(6) 900			
			(7) 995			
			(8) 2,000			
Accounts Receivable						
	Debit		Credit			
	+ (5) 225		- (9) 225			
Office Equipment						
	Debit		Credit			
	+ (2) 225		- (5) 225			
	(3) 8,000					
	(4) 1,225					
Office Furniture						
	Debit		Credit			
	+ (6) 900		-			
	(10) 145					
Computer Equipment						
	Debit		Credit			
	+ (7) 995		-			
Accounts Payable						
	Debit		Credit			
	- (8) 2,000		+ (3) 8,000			
			(10) 145			
Richard Tang, Capital						
	Debit		Credit			
	-		+ (1) 15,000			
			(2) 225			

Analyze

Design a diagram that shows the accounting equation for Job Connect after all transactions have been completed.