

Chapter 4 Demonstration Problem

George Fielding is a financial planning consultant. He provides budgeting, estate planning, tax planning, and investing advice for professional golfers. He developed the following chart of accounts for his business:

Assets

- 101 Cash
- 142 Office Supplies

Liabilities

- 202 Accounts Payable

Owner's Equity

- 311 George Fielding, Capital
- 312 George Fielding, Drawing

Revenues

- 401 Professional Fees

Expenses

- 511 Wages Expense
- 521 Rent Expense
- 525 Phone Expense
- 533 Utilities Expense
- 534 Charitable Contributions Expense
- 538 Automobile Expense

The following transactions took place during the month of **December of the current year**:

- Dec. 1 Fielding invested cash to start the business, \$20,000.
- 3 Paid Bollhorst Real Estate for December office rent, \$1,000.
- 4 Received cash from Aaron Patton, a client, for services, \$2,500.
- 6 Paid T. Z. Anderson Electric for December heating and light, \$75.
- 7 Received cash from Andrew Conder, a client, for services, \$2,000.
- 12 Paid Fichter's Super Service for gasoline and oil purchases for the company car, \$60.
- 14 Paid Hillenburg Staffing for temporary secretarial services during the past two weeks, \$600.
- 17 Bought office supplies from Bowers Office Supply on account, \$280.
- 20 Paid Mitchell Phone Co. for business calls during the past month, \$100.
- 21 Fielding withdrew cash for personal use, \$1,100.
- 24 Made donation to the National Multiple Sclerosis Society, \$100.
- 27 Received cash from Billy Walters, a client, for services, \$2,000.

- 28 Paid Hillenburg Staffing for temporary secretarial services during the past two weeks, \$600.
- 29 Made payment on account to Bowers Office Supply, \$100.

Required

Record the preceding transactions in a general journal.

Post the entries to the general ledger.

Prepare a trial balance.

Prepare an income statement, statement of owner's equity, and balance sheet for the month of December.