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16FL-AC161-44: 16FL-AC161-44 - PRINCIPLES OF ACCOUNTING I / Week 6 Wiley Assignment

*Problem 2-3A

Maquoketa Services was formed on May 1, 2017. The following transactions took place during the first month.

Transactions on May 1:

1. Jay Bradford invested \$40,000 cash in the company, as its sole owner.
2. Hired two employees to work in the warehouse. They will each be paid a salary of \$2,500 per month.
3. Signed a 2-year rental agreement on a warehouse; paid \$24,000 cash in advance for the first year.
4. Purchased furniture and equipment costing \$33,000. A cash payment of \$12,000 was made immediately; the remainder will be paid in 6 months.
5. Paid \$1,600 cash for a one-year insurance policy on the furniture and equipment.

Transactions during the remainder of the month:

6. Purchased basic office supplies for \$600 cash.
7. Purchased more office supplies for \$1,600 on account.
8. Total revenues earned were \$21,000—\$8,000 cash and \$13,000 on account.
9. Paid \$400 to suppliers for accounts payable due.
10. Received \$2,800 from customers in payment of accounts receivable.
11. Received utility bills in the amount of \$400, to be paid next month.
12. Paid the monthly salaries of the two employees, totaling \$5,000.

Your answer is partially correct. Try again.

Prepare journal entries to record each of the events listed. (**Credit account titles are automatically indented when amount is entered. Do not indent manually. If no entry is required, select "No Entry" for the account titles and enter 0 for the amounts.**)

No.	Account Titles	Debit	Credit
1.	Cash	40,000	
	Owner's Capital		40,000
2.	No Entry	0	
	No entry		0
3.	Prepaid Rent	24,000	
	Cash		24,000
4.	Equipment	33,000	
	Cash		12,000
	Accounts Payable		21,000
5.	Prepaid Insurance	1,600	
	Cash		1,600

6.	Supplies	600	
	Cash		600
7.	Supplies	1,600	
	Accounts Payable		1,600
8.	Service Revenue		21,000
	Cash	8,000	
	Accounts Receivable	13,000	
9.	Accounts Payable	400	
	Cash		400
10.	Accounts Receivable		2,800
	Cash	2,800	
11.	Utilities Expense	400	
	Accounts Payable		400
12.	Salaries and Wages Expense	5,000	
	Cash		5,000

Your answer is partially correct. Try again.

Post the journal entries to T-accounts. **(Post entries in the order of journal entries presented in the previous question.)**

Cash		
(1)	40,000	(3) 24,000
(8)	8,000	(4) 12,000
(10)	2,800	(5) 1,600
		(6) 600
		(9) 400
		(12) 5,000
<hr/>		
Bal.	50,800	Bal. 43,600
Accounts Receivable		
(8)	13,000	(10) 2,800
<hr/>		
Bal.	13,000	Bal. 2,800
Supplies		
(6)	600	

(7)	1,600	
Bal.	2,200	
Prepaid Insurance		
(5)	1,600	
Bal.	1,600	
Prepaid Rent		
(3)	24,000	
Bal.	24,000	
Equipment		
(4)	33,000	
Bal.	33,000	

Accounts Payable

(9)	400	(4)	21,000
		(7)	1,600
		(11)	400
Bal.		400	Bal. 23,000

Owner's Capital		
	(1)	40,000
	Bal.	40,000

Service Revenue		
	(8)	21,000
	Bal.	21,000

Salaries and Wages Expense		
(12)	5,000	
Bal.	5,000	

Utilities Expense		
(11)	400	
Bal.	400	

Your answer is partially correct. Try again.
 Prepare a trial balance as of May 31, 2017.

**MAQUOKETA SERVICES
 Trial Balance**

May 31, 2017

	Debit	Credit
Cash	\$ 50,800	\$ 43,600

Accounts Receivable	13,000	2,800
Supplies	2,200	<input type="checkbox"/>
Prepaid Insurance	1,600	<input type="checkbox"/>
Prepaid Rent	24,000	<input type="checkbox"/>
Equipment	33,000	<input type="checkbox"/>
Accounts Payable	400	23,000
Owner's Capital	<input type="checkbox"/>	40,000
Service Revenue	<input type="checkbox"/>	21,000
Salaries and Wages Expense	5,000	<input type="checkbox"/>
Utilities Expense	400	<input type="checkbox"/>
Totals	\$ 130,400	\$ 130,400

Question Attempts: 1 of 2 used