

# PRACTICE SET

# THE ACCOUNTING EQUATION

## I. THE ACCOUNTING EQUATION

Write the accounting equation at the top of these three T accounts. Place the abbreviation DR. and CR. on the proper side of all T accounts. Also, use a plus or minus sign to indicate the directional change each side of the T account represents.

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## II. ANALYZING TRANSACTIONS - SAMPLE PROBLEM

Instructions: Record only the current transaction information in T accounts arranged according to the Accounting Equation.

1. Linda Smith, a sophomore at State University, started the Speedy Ironing Service with a \$125 cash investment on Sept. 1, 1991.
2. On Sept. 1, paid \$60 for 4 months of ads in the school newspaper.
3. On Sept. 1, purchased Ironing Supplies for \$10 cash.
4. On Sept. 1, purchased \$60 of Ironing Equipment paying \$30 down.
5. Linda made an additional investment of \$25.
6. Paid one-half the amount owed on the Ironing Equipment.

