

Quick Question On Review Of Journal Entries

Journalize the following assuming a one-month accounting cycle. Post to an informal ledger and make a Trial Balance.

- Jan. 1 Mary Brown started A & B Consultants with an investment of \$50,000.
 2 Bought equipment with a ten-year useful life for \$12,000 paying half down and signing a five-year Note for the balance.
 2 Paid \$1,500 for a three-month insurance policy.
 8 Purchased supplies on credit for \$750.
 14 Collected Consulting Fees of \$500 cash.
 22 Mary withdrew \$500 for personal use.
 25 Paid salaries of \$1,450.
 28 Billed Z Corporation \$5,000 for consulting work completed today.
 31 Received A & B's phone bill for January amounting to \$350.
 31 Received \$1,500 from Q Company as a retainer for future advice.

| | | ACCOUNT TITLE AND DESCRIPTION | PR | DEBIT | CREDIT |
|------|----|------------------------------------|----|--------|--------|
| Jan. | 1 | Cash | | 50,000 | |
| | | Capital, Mary Brown | | | 50,000 |
| Jan. | 2 | Equipment | | 12,000 | |
| | | Cash | | | 6,000 |
| | | Notes Payable | | | 6,000 |
| Jan. | 2 | Prepaid Insurance | | 1,500 | |
| | | Cash | | | 1,500 |
| Jan. | 8 | Supplies | | 750 | |
| | | Accounts Payable | | | 750 |
| Jan. | 14 | Cash | | 500 | |
| | | Consulting Fees | | | 500 |
| Jan. | 22 | Withdrawals, Mary Brown | | 500 | |
| | | Cash | | | 500 |
| Jan. | 25 | Salaries Expense | | 1,450 | |
| | | Cash | | | 1,450 |
| Jan. | 28 | Accounts Receivable, Z Corporation | | 5,000 | |
| | | Consulting Fees | | | 5,000 |
| Jan. | 31 | Telephone Expense | | 350 | |
| | | Accounts Payable, A & B Company | | | 350 |
| Jan. | 31 | Cash | | 1,500 | |
| | | Unearned Consulting Fees | | | 1,500 |

| | | | | | | | |
|---------------------|--------------|-------------------|-------|--------------------------|------------|----------------------------|--------------|
| Cash | | Prepaid Insurance | | Accounts Payable | | Capital, Mary Brown | |
| 50,000 | 6,000 | 1,500 | | | 750 | | 50,000 |
| 500 | 1,500 | | | | <u>350</u> | | |
| <u>1,500</u> | 500 | | | | 1,100 | | |
| 52,000 | <u>1,450</u> | Equipment | | Unearned Consulting Fees | | Mary Brown, Withdrawals | |
| <u>- 9,450</u> | 9,450 | | | | | | |
| 42,550 | | 12,000 | | | 1,500 | 500 | |
| Accounts Receivable | | Notes Payable | | Consulting Fees | | | |
| 5,000 | | | 6,000 | | | | 500 |
| | | | | | | | <u>5,000</u> |
| | | | | | | | 5,500 |
| Supplies | | Salaries Expense | | Telephone Expense | | | |
| 750 | | | 1,450 | | 350 | | |

A & B Consultants
Trial Balance
January 31, 19xx

| | | |
|--------------------------|-----------------|-----------------|
| Cash | \$42,550 | |
| Accounts Receivable | 5,000 | |
| Supplies | 750 | |
| Prepaid Insurance | 1,500 | |
| Equipment | 12,000 | |
| Accounts Payable | | \$ 1,100 |
| Unearned Consulting Fees | | 1,500 |
| Notes Payable | | 6,000 |
| Salaries Expense | 1,450 | |
| Telephone Expense | 350 | |
| Capital, Mary Brown | | 50,000 |
| Withdrawals, Mary Brown | 500 | |
| Consulting Fees | | <u>5,500</u> |
| | <u>\$64,100</u> | <u>\$64,100</u> |
| | | |
| | | |
| | | |
| | | |