| UNIT 2 REC | ORDING TRANS | CACTIONS | our Accounting Tutors an help you learn. |
|---|-----------------------------------|------------------------------|--|
| ASSETS = DR. CR. + - | LIABILITIES DR. CR. - + | + <u>OWNER's</u> DR. - | S EQUITY CR. + |
| Google " <u>Free Quick Notes Books</u> " for your copies of Quick Notes Accounting, Economics, Statistics, and Excel Statistics Lab Manual. | <u>WITHDRAWA</u> DR. CR + - | | DR. CR. - + |

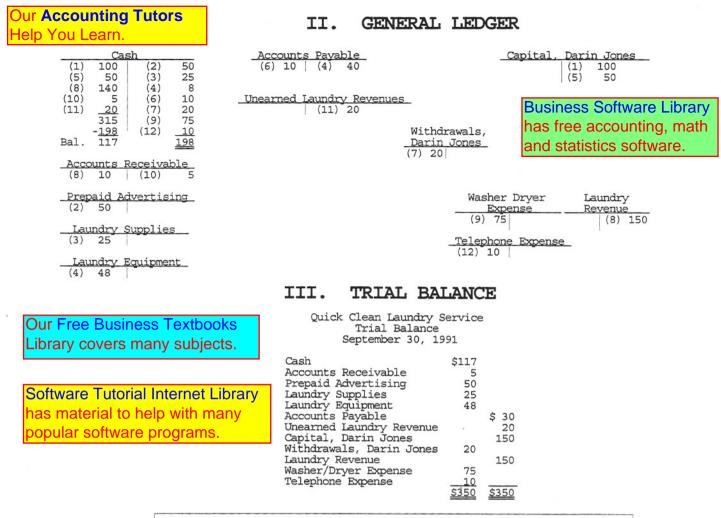
I. JOURNAL ENTRIES

In the preceding learning unit, transactions were recorded in T accounts because students find it easier to analyze transactions with T accounts. This learning unit makes the transition from T accounts to Journal Entries, the first step of the accounting process.

ANALYZING TRANSACTIONS

JOURNALIZING TRANSACTIONS

| | | DR. | CR. |
|---|--|-----------|-----|
| Assets = Liabilities + Owner's Equity | Account Debited Account Credited | XXX | XX |
| Darin Jones, a sophomore at State University, started the Quick Clean Laundry Service with a \$100 cash investment. <u>Cash</u> 100 100 100 | Cash Capital, Darin Jones | 100 | 10 |
| On Sept. 1, paid \$50 for 5 months of ads in the school newspaper. <u>Prepaid Advertising</u> 50 <u>Cash</u> 50 | Prepaid Advertising Cash | 50 | 5 |
| . On Sept. 1, purchased Laundry Supplies for \$25 cash. <u>Laundry Supplies</u> 25 <u>Cash</u> 25 | Laundry Supplies Cash | 25 | 2 |
| On Sept. 1, purchased \$48 of Laundry Equipment paying \$8 down. <u>Laundry Equipment</u> <u>Accounts Payable</u> 48 40 <u>Cash</u> | Laundry Equipment Cash Accounts Payable | 48 | 4 |
| Darin made an additional investment of \$50. <u>Cash</u> 50 50 | Cash Capital, Darin Jones | 50 | : |
| Paid one-fourth the amount owed on the Laundry Equipment. <u>Cash</u> <u>Accounts Payable</u> 10 10 Denither for formation was | Accounts Payable Cash | 10 | 3 |
| Darin withdrew \$20 for personal use. <u>Cash</u> 20 Cash collected for Laundry Services performed during the month amounted to \$140. \$10 was also due for services rendered. | Withdrawals, Darin Jone: Cash | s 20 | |
| Cash Laundry Revenue 140 150 Accounts 150 | Cash Accounts Receivable Laundry Revenue | 140 10 | 1 |
| 10 | | | |
| Paid \$75 for the use of washers and dryers for September. <u>Cash</u> <u>Vasher/Dryer Expense</u> 75 75 | Washer/Dryer Expense Cash | 75 | |
| Received \$5 on account. Cash 5 Accounts Receivable 5 | Cash Accounts Receivable | 5 | |
| . On Sept. 26, two students paid \$10 for next week's Laundry Service. <u>Cash</u> 20 20 | Cash Unearned Laundry Revenue | 20 | |
| . Paid monthly phone bill of \$10. <u>Cash</u> 10 <u>Telephone Expense</u> 10 | Telephone Expense Cash | 10 | |



Note: Transaction No. 1 has been formally journalized and posted below. PR stands for Post Reference. The relevant account number or General Journal page number is placed in the PR column at the time of posting.

IV. GENERAL JOURNAL

Page :

DATE ACCOUNT TITLE AND EXPLANATION DEBIT CREDIT PR 1 Sept. Cash 1 100 00 Capital, Darin Jones 100 100 00 To record cash investment.

V. GENERAL LEDGER

| | | | CASH | | | | ACCOUNT NO | . 1 | |
|-------|---|-------------|------|-------|----|--------|------------|---------|--|
| DATE | | EXPLANATION | PR | DEBIT | | CREDIT | | BALANCE | |
| Sept. | 1 | | 1 | 100 | 00 | | 100 | 00 | |
| | | | | | | | | | |

| | | | CAPITAL, DARIN J | JONES | | | ACCOUNT NO | . 1 |
|-------|---|-------------|------------------|-------|--------|----|------------|-----|
| DATE | | EXPLANATION | PR | DEBIT | CREDIT | | BALANCE | |
| Sept. | 1 | | 1 | | 100 | 00 | 100 | 00 |
| | | | | | | | | |

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