

**Accounting Cycle – Steps 1-4**

- 1) Collect source docs
  - 2) Analyze transactions into DR/CR
  - 3) Record in journal
  - 4) Post to ledger
- (T-Accounts serve as journal/ledger)

(from Inv. A – 1997)

Kellan Moore began business operations on March 1, 2022, designing and building web pages for the public. His March transactions are below. For questions 1-26, indicate in the table below the account number of the accounts that are debited and credited for each transaction.

Acct #	Account Title	Acct #	Account Title
100	Cash in Bank	200	Accounts Payable
105	Accounts Receivable	300	Kellan Moore, Capital
110	Office/Computer Supplies	305	Kellan Moore, Drawing
115	Prepaid Insurance	400	Prof. Fees Revenue
120	Office Furniture	500	Cellphone Expense
125	Computer Equipment	505	Internet Expense

**Transactions**

- 1 Kellan used his personal savings of \$3,000 to invest in the business
- 2 Purchased paper, and various other supplies for \$160 with check #101
- 3 Invested computer and printer, valued at \$1,800, in the business
- 4 Used check #104 to purchase a used computer desk for \$75
- 5 Bought a new printer from BJ's Computers for \$1,200 on account
- 6 Withdrew with check #106 \$50 for personal use
- 7 Paid \$100 with check #105 on account to BJ's Computers
- 8 Paid the cellphone bill for the current month, \$35 with check #102
- 9 Paid L.A. Company a fee of \$25 with check #103 for internet access for March
- 10 Billed Steven Parks, a client, \$100 to set up a 10-page web site
- 11 Upon completion of a multilevel web site, received \$300 from Acme Builders
- 12 Received \$100 on account from Steven Parks
- 13 Paid \$200 for six months of insurance on the last day of March, effective April 1

TRANSACTION NUMBER	DEBIT	CREDIT
1	#1	#2
2	#3	#4
3	#5	#6
4	#7	#8
5	#9	#10
6	#11	#12
7	#13	#14
8	#15	#16
9	#17	#18
10	#19	#20
11	#21	#22
12	#23	#24
13	#25	#26

Early Super Problem for SAC - 2

In the spaces provided below, indicate the March 31 balance in each account from the unadjusted TB.

Acct #	Account Title	TB Amt.	Acct #	Account Title	TB Amt.
100	Cash in Bank	#27	200	Accounts Payable	#33
105	Accounts Receivable	#28	300	Kellan Moore, Capital	#34
110	Office/Comp. Supplies	#29	305	Kellan Moore, Drawing	#35
115	Prepaid Insurance	#30	400	Prof. Fees Revenue	#36
120	Office Furniture	#31	500	Cellphone Expense	#37
125	Computer Equipment	#32	505	Internet Expense	#38

39. On the trial balance for March 31, the total debits to the cash account were  
 A. \$645 B. \$3,400 C. \$1,755 D. \$2,755 E. \$605
40. The total payments on account in March equaled  
 A. zero B. \$100 C. \$1,000 D. \$1,100 E. \$1,200
41. The account with a debit balance of \$3,000 is  
 A. Cash in Bank D. Accounts Payable  
 B. Office Furniture E. Kellan Moore, Capital  
 C. Computer Equipment
42. The net income or loss before any adjustments is  
 A. zero D. net income \$340  
 B. net loss \$60 E. net income \$290  
 C. net loss \$340
43. The total of the debits on the March 31 trial balance is  
 A. \$6,170 B. \$6,270 C. \$6,300 D. \$6,500 E. \$6,945
- \*\*\*44. If the inventory of computer/office supplies was determined to be \$120, what would be the amount to adjust out of the supplies asset account and transfer to a Supplies Expense account?  
 A. \$160 B. \$120 C. \$40 D. zero E. some other amount
- \*\*\*45. If the adjustment discussed in question #44 is made, what would be the adjusted amount of Net Income or Net Loss?  
 A. zero B. net loss \$100 C. net loss \$300 D. net income \$300 E. net income \$340
- \*\*\*46. If the adjusting entry discussed in question #32 is made, and if a physical count of these supplies is \$120, which of the following is FALSE?  
 A. the adjusting entry would include a \$40 credit to Office & Computer Supplies.  
 B. the ending balance of Office & Computer Supplies after adjustment would be \$120.  
 C. the adjusting entry would not affect the overall net income or loss.  
 D. the cash account would not be affected by this adjusting entry.
47. What is the net amount of the transactions involving owner activities? \_\_\_\_\_

Bonus Question: Why would there not be an adjustment to the asset Prepaid Insurance for March?

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100 Cash in Bank – Asset

B+	—
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105 Accts Rec. (A/R) – A

B+	—
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110 Office/Comp. Supp. - A

B+	—
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115 Prepaid Insur. (PPI) A

B+	—
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120 Office Furniture - A

B+	—
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125 Computer Eqp. – A

B+	—
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201 Accts. Payable – Liab.

—	B+
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(Inc. Summ.) Trial Balance

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**300 KELLEN MOORE, CAPITAL – O/E**

— | B+

**TWO OWNER ACTIVITIES:**

305 Kellen Moore, Drawing — D

B+	—
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Investments by Owner

**TWO INCOME ACTIVITIES:**

500 Cellphone Exp.

B+	—
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505 Internet Exp.

B+	—
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400 Prof. Fees Revenue - R

-	B+
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