

Accounting 1A
Chapter 9 – Long Term Assets

Online tutoring site assistance may not be used on this assignment. Students found posting this assignment or relying on online solutions will receive a grade of 0 on the assignment and may be removed from the course.

Accounting Equation and Debit/Credit Rules

Complete the Accounting Equation below by placing the following accounts types in the proper order to complete the accounting equation: **Assets, Common Stock, Dividends, Expenses, Liabilities and Revenues**. Indicate the increase side of the account with “+” and the decrease side with a “-”.

	=		+		-		+		-	

Financial Transactions: Journalize the following transactions that occurred during the year:

January 1: Received \$100,000 cash in exchange for common stock.

January 1: Purchased a delivery truck for \$36,000 by paying \$6,000 in cash and signing a note for the remainder.

January 15: Purchased \$1,200 of supplies on account

July 1: Paid \$12,000 for an annual insurance policy.

December 31: Made sales of \$500,000 on account. The Cost of Goods Sold was \$300,000.

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Adjusting Entries:

Journalize the following adjusting entries on December 31:

- A. The Supplies Account balance as of December 31 is \$1,200. Actual supplies on hand equals \$800.
- B. The company uses the allowance method for accounts receivable. A review of the accounts receivable aging report indicates that \$50,000 of the accounts receivable will not be collectable. The allowance account has a current balance of \$30,000.
- C. The trial balance indicates unearned revenue of \$9,000. The company has determined that \$3,000 of service has still not yet been provided.
- D. The company paid an annual insurance premium of \$12,000 during the year. Six months of the insurance has expired.
- E. On January 1, the company purchased a delivery truck for 36,000. The company expects to use the truck for 3 years.

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