

Sanyu Sony started a new business and completed these transactions during December.

Problem 1-9A

Analyzing transactions
and preparing financial
statements

C4 P1 P2



- Dec. 1 Sanyu Sony transferred \$65,000 cash from a personal savings account to a checking account in the name of Sony Electric.
- 2 The company rented office space and paid \$1,000 cash for the December rent.
- 3 The company purchased \$13,000 of electrical equipment by paying \$4,800 cash and agreeing to pay the \$8,200 balance in 30 days.
- 5 The company purchased office supplies by paying \$800 cash.
- 6 The company completed electrical work and immediately collected \$1,200 cash for these services.
- 8 The company purchased \$2,530 of office equipment on credit.
- 15 The company completed electrical work on credit in the amount of \$5,000.
- 18 The company purchased \$350 of office supplies on credit.
- 20 The company paid \$2,530 cash for the office equipment purchased on December 8.
- 24 The company billed a client \$900 for electrical work completed; the balance is due in 30 days.
- 28 The company received \$5,000 cash for the work completed on December 15.
- 29 The company paid the assistant's salary of \$1,400 cash for this month.
- 30 The company paid \$540 cash for this month's utility bill.
- 31 Sanyu Sony withdrew \$950 cash from the company for personal use.

Required

1. Arrange the following asset, liability, and equity titles in a table like Exhibit 1.9: Cash; Accounts Receivable; Office Supplies; Office Equipment; Electrical Equipment; Accounts Payable; S. Sony, Capital; S. Sony, Withdrawals; Revenues; and Expenses.
 2. Use additions and subtractions to show the effects of each transaction on the accounts in the accounting equation. Show new balances after each transaction.
 3. Use the increases and decreases in the columns of the table from part 2 to prepare an income statement, a statement of owner's equity, and a statement of cash flows—each of these for the current month. Also prepare a balance sheet as of the end of the month.
- ck (2) Ending
ces: Cash, \$59,180,
nts Payable, \$8,550
(3) Net income,
0; Total assets, \$76,760

Analysis Component

4. Assume that the owner investment transaction on December 1 was \$49,000 cash instead of \$65,000 and that Sony Electric obtained another \$16,000 in cash by borrowing it from a bank. Explain the effect of this change on total assets, total liabilities, and total equity.