

John Doe opened a business called Doe Consulting and for the month of January 2003 he completed the following business transactions:

- a. John Doe invested \$40,000 cash and office equipment worth \$10,000 into the new business.
- b. Purchased land valued at \$30,000 and an office building valued at \$130,000 by paying cash of \$20,000 and signing a long-term note payable for the balance.
- c. Purchased office supplies on account for \$500
- d. John Doe contributed his personal automobile, which had a \$16,000 value, to the company.
- e. Purchased additional office equipment on account for \$2,000
- f. Paid the executive office assistant's salary of \$400.
- g. Sold bookkeeping service and collected a cash fee of \$4,000.
- h. Paid \$600 for a magazine advertisement
- i. Paid for the supplies purchased in transaction c above.
- j. Purchased a new printer by paying \$500 cash and trading in an old printer that was on the books for \$100.
- k. Completed a consulting job on account and billed the customer \$2,000.
- l. Paid the executive office assistant's salary of \$400.
- m. Received payment in full for the marketing research on transaction k above.
- n. John Doe withdrew \$1,000 from the business for personal expenses.

Required:

Prepare the journal entries to record the above transactions, post the journal entries to the appropriate accounts using the following Chart of Accounts and prepare the Trial Balance:

ACCOUNT NAME	TYPE	NORMAL BALANCE
CASH IN BANK	ASSET	DEBIT
ACCOUNTS RECEIVABLE	ASSET	DEBIT
OFFICE SUPPLIES	ASSET	DEBIT
AUTOMOBILE	ASSET	DEBIT
OFFICE EQUIPMENT	ASSET	DEBIT
BUILDING	ASSET	DEBIT
LAND	ASSET	DEBIT
ACCOUNTS PAYABLE	LIABILITY	CREDIT
LONG-TERM NOTE PAYABLE	LIABILITY	CREDIT
JOHN DOE, CAPITAL	EQUITY	CREDIT
JOHN DOE, WITHDRAWALS	EQUITY	DEBIT
BOOKKEEPING FEES EARNED	REVENUE	CREDIT
CONSULTING FEES EARNED	REVENUE	CREDIT
OFFICE SALARIES EXPENSE	EXPENSE	DEBIT
ADVERTISING EXPENSE	EXPENSE	DEBIT

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DATE	ACCOUNT	TYPE	DEBIT	CREDIT
a)				
	Explain:			
b)				
	Explain:			
c)				
	Explain:			
d)				
	Explain:			
e)				
	Explain:			
f)				
	Explain:			
g)				
	Explain:			
h)				
	Explain:			
i)				
	Explain:			
j)				
	Explain:			

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DATE	ACCOUNT	TYPE	DEBIT	CREDIT
k)				
	Explain:			
l)				
	Explain:			
m)				
	Explain:			
n)				
	Explain:			

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DATE	ACCOUNT	TYPE	DEBIT	CREDIT
a)	Cash in Bank	A	40,000	
	Office Equipment	A	10,000	
	John Doe Capital	EQ		50,000
	Investment by Owner			
b)	Land	A	30,000	
	Building	A	130,000	
	Cash in Bank	A		20,000
	Long Term Note Payable	L		140,000
	Purchased Land & Building			
c)	Office Supplies	A	500	
	Accounts Payable	L		500
	Purchase supplies on account			
d)	Automobile	A	16,000	
	John Doe Capital	EQ		16,000
	Investment by Owner			
e)	Office Equipment	A	2,000	
	Accounts Payable	L		2,000
	Purchased equipment on account			
f)	Office Salaries Expense	EX	400	
	Cash in Bank	A		400
	Paid office assistant's salary			
g)	Cash in Bank	A	4,000	
	Bookkeeping Fees Earned	R		4,000
	Did work and got paid			
h)	Advertising Expense	EX	600	
	Cash in Bank	A		600
	Purchased and paid for advertising			
i)	Accounts Payable	L	500	
	Cash in Bank	A		500
	Paid for c) above			
j)	Office Equipment (new printer)	A	600	
	Cash in Bank	A		500
	Office Equipment (old printer)	A		100
	Traded in printer			

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DATE	ACCOUNT	TYPE	DEBIT	CREDIT
k)	Accounts Receivable	A	2,000	
	Consulting Fees Earned	R		2,000
	Did work & didn't get paid			
l)	Office Salaries Expense	EX	400	
	Cash in Bank	A		400
	Paid office assistant's salary			
m)	Cash in Bank	A	2,000	
	Accounts Receivable	A		2,000
	Received payment from k) above			
n)	John Doe Withdrawals	EQ	1,000	
	Cash in Bank	A		1,000
	Gave cash to owner			

Cash in Bank	
a) 40,000	b) 20,000
g) 4,000	f) 400
m) 2,000	h) 600
	i) 500
	j) 500
	l) 400
	n) 1,000
-----	-----
Total 46,000	Total 23,400
23,400	←

Balance 22,600	
=====	

Accounts Receivable	
k) 2,000	m) 2,000
-----	-----
Total 2,000	Total 2,000
2,000	←

Balance 0	
=====	

Office Supplies	
c) 500	
=====	

Automobile	
d) 16,000	
=====	

Office Equipment	
a) 10,000	j) 100
e) 2,000	
j) 600	
-----	-----
Total 12,600	Total 100
100	←

Balance 12,500	
=====	

Building	
b) 130,000	
=====	

Land	
b) 30,000	
=====	
Accounts Payable	
i) 500	c) 500
	e) 2,000
-----	-----
Total 500	Total 2,500
→	500

	Balance 2,000
	=====

Long Term Note Payable	
	b) 140,000
	=====

John Doe Capital	
	a) 50,000
	d) 16,000

	Balance 66,000
	=====

John Doe Withdrawals	
n) 1,000	
=====	

Bookkeeping Fees Earned	
	g) 4,000
	=====

Consulting Fees Earned	
	k) 2,000
	=====

Office Salaries Expense	
f) 400	
l) 400	

Balance 800	
=====	

Advertising Expense	
h) 600	
=====	

DOE CONSULTING

TRIAL BALANCE

JANUARY 31, 2003

ACCOUNT NAME	DEBIT	CREDIT
Cash	22,600	
Office Supplies	500	
Automobiles	16,000	
Office Equipment	12,500	
Building	130,000	
Land	30,000	
Accounts Payable		2,000
Long-term Notes Payable		140,000
John Doe - Capital		66,000
John Doe – Withdrawals	1,000	
Bookkeeping Fees Earned		4,000
Consulting Fees Earned		2,000
Office Salaries Expense	800	
Advertising Expense	600	
	-----	-----
Totals	214,000	214,000
	=====	=====