

# Problem 1

“Robert Dennis formed a corporation to provide concrete construction work. His jobs typically involve building parking lots, drives, and foundations. Robert provided the following information about transactions occurring during the first month of operation. Evaluate the transactions and prepare journal entries for this activity.

- Jan. 2, 20X5 Robert Dennis invested \$20,000 cash in the capital stock of the newly formed corporation.
- Jan. 4, 20X5 Purchased equipment on account for \$15,000.
- Jan. 12, 20X5 Received \$30,000 from customers for services rendered.
- Jan. 15, 20X5 Received a bill for construction supplies used in the amount of \$4,000.
- Jan. 18, 20X5 Provided \$6,400 of services on account.
- Jan. 20, 20X5 Paid employees \$4,600 for wages earned.
- Jan. 22, 20X5 Collected 60% of the amount due for the work provided on January 18.
- Jan. 23, 20X5 Paid 40% of the amount due on the equipment purchased on January 4.
- Jan. 25, 20X5 Purchased (and immediately used) construction supplies for cash in the amount of \$1200.
- Jan. 31, 20X5 The company paid Robert Dennis a \$3,000 dividend.

Worksheet 1

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
1-2-X5			
1-4-X5			
1-12-X5			
1-15-X5			
1-18-X5			
1-20-X5			
1-22-X5			
1-23-X5			
1-25-X5			
1-31-X5			

## Solution 1

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
1-2-X5	Cash	20,000	
	Capital Stock		20,000
	<i>Issued stock to Robert Dennis for cash</i>		
1-4-X5	Equipment	15,000	
	Accounts Payable		15,000
	<i>Purchased equipment on account</i>		
1-12-X5	Cash	30,000	
	Revenues		30,000
	<i>Provided services to customers for cash</i>		
1-15-X5	Supplies Expense	4,000	
	Accounts Payable		4,000
	<i>Received bill for cost of supplies</i>		
1-18-X5	Accounts Receivable	6,400	
	Revenues		6,400
	<i>Provided services to customers on account</i>		
1-20-X5	Wage Expense	2,300	
	Cash		2,300
	<i>Paid wages of employees</i>		
1-22-X5	Cash	3,840	
	Accounts Receivable		3,840
	<i>Collected 60% of the amount due from the transaction of Jan. 18 (<math>\\$6,400 \times 60\% = \\$3,840</math>)</i>		
1-23-X5	Accounts Payable	6,000	
	Cash		6,000
	<i>Paid 40% of the amount due for the transaction of Jan. 4 (<math>\\$15,000 \times 40\% = \\$6,000</math>)</i>		

1-25-X5	Supplies Expense	1,200	
	Cash		1,200
	<i>Paid for supplies used</i>		
1-31-X5	Dividends	3,000	
	Cash		3,000
	<i>Paid dividends to Robert Dennis</i>		