

# Problem 2

Anthony Moore recently formed an information technology services and consulting firm in England. He was very busy during the first month and has not yet had an opportunity to install his computerized accounting package. But, he did understand the need to keep track of all transactions as they occurred. Following is a manual journal that he maintained for transactions occurring during January. All amounts are in the British Pound.

Anthony has requested that you prepare a ledger of the company's accounts, and post these transactions to determine the balance of each account. He needs this data in order to begin the process of transitioning to his new computerized accounting system.



I joined MITAS because  
I wanted **real responsibility**

The Graduate Programme  
for Engineers and Geoscientists  
[www.discovermitas.com](http://www.discovermitas.com)

**Month 16**  
I was a construction  
supervisor in  
the North Sea  
advising and  
helping foremen  
solve problems

Real work  
International opportunities  
Three work placements



GENERAL JOURNAL			
Date	Accounts	Debit	Credit
2-Jan-05	Cash	3,000,000	
	Capital Stock		3,000,000
	<i>Anthony invested cash in exchange for stock</i>		
4-Jan-05	Equipment	600,000	
	Loan Payable		600,000
	<i>Purchased equipment with proceeds of loan</i>		
6-Jan-05	Accounts Receivable	900,000	
	Revenues		900,000
	<i>Provided services to customers on account</i>		
7-Jan-05	Supplies Expense	30,000	
	Accounts Payable		30,000
	<i>Purchased (on account) and used supplies</i>		
11-Jan-05	Accounts Payable	30,000	
	Cash		30,000
	<i>Paid for purchase of Jan. 7</i>		
15-Jan-05	Wage Expense	300,000	
	Cash		300,000
	<i>Paid employee</i>		
17-Jan-05	Cash	450,000	
	Accounts Receivable		450,000
	<i>Collected partial payment on receivables</i>		
18-Jan-05	Cash	540,000	
	Revenues		540,000
	<i>Provided services to customers for cash</i>		
20-Jan-05	Supplies Expense	60,000	
	Accounts Payable		60,000
	<i>Purchased (on account) and used supplies</i>		

31-Jan-05	Wage Expense	300,000	
	Cash		300,000
	<i>Paid employee</i>		
31-Jan-05	Loan Payable	600,000	
	Interest Expense	6,000	
	Cash		606,000
	<i>Paid off the loan with interest</i>		

## Worksheet 2

CASH				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
02-Jan-05	Journal Page 1	3,000,000	-	3,000,000

ACCOUNTS RECEIVABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-

EQUIPMENT				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-

ACCOUNTS PAYABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-

LOAN PAYABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-

CAPITAL STOCK				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-

**ie** business school

#1 EUROPEAN BUSINESS SCHOOL  
FINANCIAL TIMES 2013

#gobeyond

**MASTER IN MANAGEMENT**

Because achieving your dreams is your greatest challenge. IE Business School's Master in Management taught in English, Spanish or bilingually, trains young high performance professionals at the beginning of their career through an innovative and stimulating program that will help them reach their full potential.

- Choose your area of specialization.
- Customize your master through the different options offered.
- Global Immersion Weeks in locations such as London, Silicon Valley or Shanghai.

*Because you change, we change with you.*

www.ie.edu/master-management | mim.admissions@ie.edu |



REVENUES				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-

SUPPLIES EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-

WAGE EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-

INTEREST EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-

## Solution 2

CASH				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
02-Jan-05	Journal Page 1	3,000,000	-	3,000,000
11-Jan-05	Journal Page 1	-	30,000	2,970,000
15-Jan-05	Journal Page 1	-	300,000	2,670,000
17-Jan-05	Journal Page 2	450,000	-	3,120,000
18-Jan-05	Journal Page 2	540,000	-	3,660,000
31-Jan-05	Journal Page 2	-	300,000	3,360,000
31-Jan-05	Journal Page 2	-	606,000	2,754,000

ACCOUNTS RECEIVABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
06-Jan-05	Journal Page 1	900,000	-	900,000
17-Jan-05	Journal Page 2	-	450,000	450,000

EQUIPMENT				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
04-Jan-05	Journal Page 1	600,000	-	600,000

ACCOUNTS PAYABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
07-Jan-05	Journal Page 1	-	30,000	30,000
11-Jan-05	Journal Page 1	30,000	-	-
20-Jan-05	Journal Page 2	-	60,000	60,000

LOAN PAYABLE				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
04-Jan-05	Journal Page 1	-	600,000	600,000
31-Jan-05	Journal Page 2	600,000	-	-

CAPITAL STOCK				
Date	Description	Debit	Credit	Balance
01-Jan-05	Balance forward	-	-	-
02-Jan-05	Journal Page 1	-	3,000,000	3,000,000

REVENUES				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-
06-Jan-05	Journal Page 1	-	900,000	900,000
18-Jan-05	Journal Page 2	-	540,000	1,440,000

SUPPLIES EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-
07-Jan-05	Journal Page 1	30,000	-	30,000
20-Jan-05	Journal Page 2	60,000	-	90,000

WAGE EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-
15-Jan-05	Journal Page 1	300,000	-	300,000
31-Jan-05	Journal Page 2	300,000	-	600,000

INTEREST EXPENSE				
Date	Description	Debit	Credit	Balance
01-Jan-05		-	-	-
31-Jan-05	Journal Page 2	6,000	-	6,000

“I studied English for 16 years but...  
...I finally learned to speak it in just six lessons”  
Jane, Chinese architect

ENGLISH OUT THERE

Click to hear me talking before and after my unique course download

