

Problem 4

The following narratives describe transactions impacting cash, accounts receivable, accounts payable, revenues, and selected expense accounts. Use T-accounts to analyze this activity and determine the ending balances for accounts receivable and accounts payable. At the beginning of the period, accounts receivable totaled \$108,600, while accounts payable totaled \$62,550. The company started the period with \$170,000 in cash.

Transaction #1	Services were provided to customers for cash in the amount of \$30,460.
Transaction #2	Supplies were purchased and used. This purchase occurred on account, in the amount of \$4,800.
Transaction #3	Collections of outstanding receivables occurred in the amount of \$38,820.
Transaction #4	Utilities costs in the amount of \$1,526 were incurred and paid in cash.
Transaction #5	Payments on outstanding accounts payable were made for \$47,800.
Transaction #6	Services were provided to customers on account in the amount of \$97,308.

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Worksheet 4

CASH		REVENUES	
1/1/X1	170,000	15,230	#1
#1	15,230		

ACCOUNTS RECEIVABLE		SUPPLIES EXPENSE	
1/1/X1	108,600		

ACCOUNTS PAYABLE		UTILITIES EXPENSE	
	62,550	1/1/X1	

The T-accounts reveal that ending Accounts Receivable amount to \$ _____, and ending Accounts Payable amount to \$ _____

Solution 4

CASH		REVENUES	
1/1/X1	170,000	30,460	#1
#1	30,460	97,308	#6
#3	38,820		
	1,526		
	47,800		

ACCOUNTS RECEIVABLE			
1/1/X1	108,600	38,820	#3
#6	97,308		
	<hr/>		
	205,908	38,820	
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	<u>167,088</u>		

SUPPLIES EXPENSE	
#2	4,800

ACCOUNTS PAYABLE			
#5	47,800	62,550	1/1/X1
		4,800	#2
	<hr/>		
	47,800	67,350	
	<hr/>		
		<u>19,550</u>	

UTILITIES EXPENSE	
#4	1,526

The T-accounts reveal that ending Accounts Receivable amount to \$167,088, and ending Accounts Payable amount to \$19,550.

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