**BUS 110 – College Accounting 1**

**Quiz 1**

**Section A**

*Directions:* Match the letter corresponding to one of the basic elements of accounting to each of the accounts below. A = Asset, L = Liability, and O = Owner’s Equity. *(20 Points)*

1. Prepaid Insurance \_\_\_\_
   1. Rent Expense \_\_\_\_
   2. Accounts Payable \_\_\_\_
   3. Delivery Equipment \_\_\_\_
   4. T. Smart, Drawing \_\_\_\_

**Section B**

Rory Alia has started her own business. During the first month, the following transactions occurred.

1. She invested $10,000 cash in the business.
2. Paid $800 for insurance for the next 12 months.
3. Purchased a computer on account for $1,200.
4. Received $500 cash from a client for professional services rendered.
5. Paid $200 office rent for the month.
6. Paid $300 on account for the computer purchased in (c) above.

*Directions:* Using the lines provided below, show the effect of each transaction on the basic elements of the accounting equation: assets, liabilities, and owner’s equity. Compute the new amounts for each element after each transaction to show that the accounting equation has remained balanced. *(20 points total)*

ASSETS LIABILITIES OWNER’S EQUITY

(a)

(c)

(d)

(e)

(f)

**Section C**

*Directions:* The accounts below all have normal balances. Prepare a trial balance for Aster’s Accounting Service as of May 31, 20--. *(20 points total)*

Accounts Payable $ 600 Prepaid Insurance $1,200

Accounts Receivable 700 Rent Expense 900

Aster, Capital 9,400 Service Fees 9,200

Aster, Drawing 1,000 Supplies 375

Cash 3,500 Telephone Expense 125

Computers 4,400 Wages Expense 2,000

Office Furniture 5,000

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| **Account Title** | **Debit** | **Credit** |
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**Section D**

Esther Chai owns Chai’s Accounting Services. She provides accounting services for small businesses and charges her clients consulting fees for the services she performs for them. Esther has a part-time accounting clerk who enters the information into the computerized general ledger. The company’s chart of accounts is as follows:

**Assets Revenue**

100 Cash 400 Consulting Fees

120 Accounts Receivable

130 Office Supplies

140 Computer Equipment

145 Computer Software **Expenses**

510 Wages Expense

**Liabilities** 520Rent Expense

200 Accounts Payable 530 Utilities Expense

**Owner’s Equity**

300 E. Chai, Capital

310 E. Chai, Drawing

*Directions*: Enter the following transactions in the general journal provided on the next page. *(20 points total)*

March 1 Because the company’s cash was getting low, Esther Chai invested $4,500 additional cash in her business.

1. Purchased office supplies on account, $750.
2. Paid office rent for the month, $900.
3. Completed consulting work for a client, who agreed to pay the $2,750 fee by the end of the month.

March 17 Purchased new computer software, $825.

1. Paid wages to the accounting clerk for part-time work, $700.

23 Paid utilities for the month, $180.

28 Owner withdrew cash for personal use, $200.

30 Received cash for consulting fees recorded on March 14, $2,750.

31 Purchased a new computer for $400 cash and $600 on account.

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| **GENERAL JOURNAL** | | | | | | |
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Section E

*Directions*:In the two-column general journal page below, each capital letter represents a part of a journal entry. Indicate with the proper letter next to the item in the list below where that part of the journal entry belongs. *(20 points)*

***GENERAL JOURNAL***

G

H I J O M

K P N

L

\_\_\_\_ 1. Explanation

\_\_\_\_ 2. Ledger account number of account debited

\_\_\_\_ 3. Amount of debit

\_\_\_\_ 4. Day of the month

\_\_\_\_ 5. Ledger account number of account credited

\_\_\_\_ 6. Title of account debited

\_\_\_\_ 7. Year

\_\_\_\_ 8. Title of account credited

\_\_\_\_ 9. Amount of credit

\_\_\_\_ 10. Month