

Exercise 1.5.3

1. A company is formed by investing assets that valued for \$12,000, in the form of:

Cash = \$6,000

Inventory = \$3,000

Vehicle = \$3,000

Cash.....6,000

Inventory.....3,000

Vehicle.....3,000

Equity.....12,000

2. The company purchased inventory for \$2,200 on cash.

Inventory.....2,200

Cash.....2,200

3. The company sold inventory that costs 2,500 and received cash \$3,300.

Cash.....3,300

Sales revenue.....3,300

Cost of sales.....2,500

Inventory.....2,500

4. The company purchased inventory for \$2,000 by paying 1,500 on cash and the remaining amount to be paid next month.

Inventory.....2,000

Cash.....1,500

Account payable.....500

5. The company purchased inventory for \$2,500 fully on credit.

Inventory.....2,500

Account payable.....2,500

6. The company sold inventory that cost \$1,000 and received cash of \$700 and billed customers \$800 to be received after 2 weeks.

Cost of sales.....1,000
Inventory.....1,000

Cash.....700
Account receivable.....800
Sales revenue.....1,500

7. Sold inventory and received cash \$1,500. The cost of the inventory sold is \$1,200.

Cost of sales.....1,200
Inventory.....1,200

Cash.....1,500
Sales revenue.....1,500

8. The company has a salary due of \$900 for this month but not yet paid.

Salary expense.....900
Account payable.....900

9. Paid \$600 for internet expense.

Internet expense.....600
Cash.....600

10. The company received the amount due from customers in transaction #6 (\$800).

Cash.....800
Account receivable.....800