SUCCESS CENTER ACCOUNTING TIPS and PRACTICE SHEET
Financial Accounting
Building Blocks to a General Journal Entry and T-Account

Basic Equation	Assets	=	Liabilities	+	Stockholders' Equity										

Expanded Basic Equation	Assets	=	Liabilities	+	Common Stock	+	Retained Earnings	-	Dividends	+	Revenues	-	Expenses

Debit/Credit Effects	Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr
	+	-		-	+		-	+		-	+		+	-		-	+		+	-

Transactions:

1. Issued common stock for cash, $100,000.
2. Purchase supplies with cash, $289.
3. Purchase equipment on account, $2100.
4. Provide services on account, $5975.
5. Received $750 from customers on account.
6. Paid office rent, $1500.
7. Paid creditors on account for equipment, $900.

Directions:

1. Look over the Basic Equation, Expanded Basic Equation, and the Debit/Credit Effects illustration given above.
2. Identify the specific accounts affected by each transaction.
3. Identify the classification of each account in each transaction.
4. Identify the normal balance of each specific account.
5. Decide if the balance is increasing or decreasing in each specific account in each transaction.
6. Journalize each transaction using general journal format.
7. Create T-accounts for each account. Post each general journal transaction, using the T-account format.
8. Calculate ending balances for each T-account.

SUCCESS CENTER Accounting Tips / Practice Sheet Random Solution
Financial Accounting
Building Blocks to a General Journal Entry and T-Account

Basic Equation	Assets	=	Liabilities	+	Stockholders' Equity										

Expanded Basic Equation 2	Assets	=	Liabilities	+	Common Stock	+	Retained Earnings	-	Dividends	+	Revenues	-	Expenses
Debit/Credit Effects	Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr
	+	-		-	+		-	+		-	+		+	-		-	+		+	-

Transactions:

1. Issued common stock for cash, $100,000.	Cash, Common Stock	Asset, Stockholder's Equity	debit, credit	inc, inc
2. Purchase supplies with cash, $289.				
3. Purchase equipment on account, $2100.	Equipment, Accounts Payable	Asset, Liability	debit, credit	inc, inc
4. Provide services on account, $5975.				
5. Received $750 from customers on account.	Cash, Accounts Receivable	Asset, Asset	debit, debit	inc, dec
6. Paid office rent, $1500.	Rent Expense, Cash	Stockholder's Equity, Asset	credit, debit	inc, dec
7. Paid creditors on account for equipment, $900.	Accounts Payable, Cash	Liability, Asset	credit, debit	dec, dec

Directions:
1. Look over the Basic Equation, Expanded Basic Equation, and the Debit/Credit Effects illustration given above.
2. Identify the specific accounts affected by each transaction.
3. Identify the classification of each account in each transaction.
4. Identify the normal balance of each specific account.
5. Decide if the balance is increasing or decreasing in each specific account in each transaction.
6. Journalize each transaction using general journal format.
7. Create T-accounts for each account. Post each general journal transaction, using the T-account format.
8. Calculate ending balances for each T-account.

		Debit	Credit
1	Cash	100,000	
	Common Stock		100,000
2	Supplies	289	
	Cash		289
3	Equipment	2,100	
	Accounts Payable		2,100
4	Accounts Receivable	5,975	
	Service Revenue		5,975
5	Cash	750	
	Accounts Receivable		750
6	Rent Expense	1,500	
	Cash		1,500
7	Accounts Payable	900	
	Cash		900

Cash
Dr	Cr
100,000	289
750	1,500
	900
98,061	

Supplies
Dr	Cr
289	

Equipment
Dr	Cr
2,100	

Accounts Receivable
Dr	Cr
5,975	750
5,225	

Service Revenue
Dr	Cr
	5,975

Accounts Payable
Dr	Cr
900	2,100
	1,200

Common Stock
Dr	Cr
	100,000

Rent Expense
Dr	Cr
1,500	