

## Comprehensive Exercise

7. N.A. James, a public accountant, decided to begin a business of his own on October 1, 20—. At that time, he invested in the business a bank balance of \$5000 and an automobile worth \$18 000. **The accounts required are in your Workbook.**
- A. **Work out the changes for the above transaction. Remember to include the opening capital. Record these in the T-accounts provided in your Workbook.**
- B. **For each of the transactions listed below, work out the changes for the transaction and record these changes in the T-accounts.**

N.A. JAMES			
CHART OF ACCOUNTS			
101	Bank	302	N.A. James, Drawings
110	A/R – Jenkins and Co.	401	Fees Earned
120	Office Supplies	505	Advertising Expense
125	Office Equipment	510	Car Expense
130	Automobile	515	Donations Expense
201	A/P – Office Equippers	520	Miscellaneous Expense
210	Bank Loan	525	Rent Expense
301	N.A. James, Capital		

### TRANSACTIONS

1. Purchased \$300 of office supplies for cash. Issued a cheque in payment. (For now, when office supplies are purchased, debit Office Supplies instead of an expense account. You will learn more about handling supplies in Chapter 8.)

2. Issued a cheque for \$50 for an advertisement in a local newspaper.
3. Received a bill from Office Equippers for the purchase of a computer at a total cost of \$1100 on account.
4. Mr. James was hired by a client, Jenkins and Co. At the conclusion of the work, Mr. James charged Jenkins and Co. \$900 and issued a bill for this service performed on account.
5. B. Masters, a client, paid \$100 in cash for a bookkeeping service. W. Shields, another client, paid \$75 in cash for having her tax return prepared. The total of \$175 was deposited in the bank.
6. A cheque for \$100 was sent as a donation to the Canadian Red Cross.
7. A cheque for \$300 was received from Jenkins and Co. on account.
8. A cheque for \$500 was issued to Office Equippers in partial payment of the balance of its account.
9. Paid Louis's Service Station \$120 for gasoline and repairs to the business automobile. A cheque was issued right away.
10. Performed an accounting service for T. Wu and received \$200 cash in full payment. The owner, N.A. James, did not deposit this money in the bank, but kept it for his personal use.
11. Issued a cheque for \$750 in payment of the rent for the month of October.
12. Purchased \$120 of office supplies from Home & Office. The purchase was paid for by cheque.
13. Issued a cheque for \$50 for an advertisement in a local newspaper.
14. Sold services for \$600 to Jenkins and Co. for accounting services. Jenkins and Co. had 30 days to pay this bill.
15. Issued a cheque for \$70 for postage stamps. (Note: Stamps are not considered to be supplies.)
16. Issued a cheque for \$1500 to the owner for his personal use.
17. Borrowed \$5000 from the bank, repayable on demand.

**C. Balance the ledger by means of a trial balance.**