

Exercise #2, Page 181-182

2. Paula Perna, a lawyer, has decided to open her own law office on June 1, 20-. On that date, she commenced business with the following assets and liabilities.

Assets		Liabilities	
Bank	\$ 2 500	A/P – The Stationery Store	\$3 250
Law Library	6 500	Loan Payable	\$8 750
Office Equipment	8 250		
Automobile	16 500		

- A. Prepare a balance sheet for Paula Perna as of June 1, 20-.
- B. Record the beginning financial position of Paula Perna in a two-column general journal. Use page number 1. This is the opening entry.
- C. Journalize the transactions for Paula Perna shown on page 182. Use the chart of accounts below. Source document reference numbers are not provided for transactions.

CHART OF ACCOUNTS			
Assets		Owner's Equity	
105	Bank	305	P. Perna, Capital
110	A/R – R. Spooner	310	P. Perna, Drawings
115	A/R – T. & R. Builders	405	Fees Earned
120	Office Supplies	505	Car Expense
125	Law Library	510	General Expense
130	Automobile	515	Loan Interest Expense
135	Office Equipment	520	Rent Expense
		525	Wages Expense
<i>Liabilities</i>			
205	A/P – The Stationery Store		
210	Loan Payable		

TRANSACTIONS

June

- 1 Paid the rent for June, \$3500 cash.
- 2 Purchased supplies on account from The Stationery Store, \$375.
- 3 Performed a legal service for cash, \$1200.
- 5 Performed a legal service on account for R. Spooner, \$650.
- 8 Paid \$1000 cash to The Stationery Store on account.
- 10 Performed a legal service on account for T. & R. Builders, \$1100.
- 11 Received \$350 on account from R. Spooner.
- 15 Paid \$80 cash for gasoline for the business automobile.
- 20 Paid wages for part-time secretarial help, \$450.
- 24 Paid \$65 cash for postage.
- 24 Paid the regular monthly installment for the loan, \$320. The loan interest was \$60; the other \$260 reduced the amount owed.
- 30 Paula withdrew \$450. Of this, \$400 was for personal use and \$50 was for gasoline for the business automobile.