

T.J. Chan Case

4. T.J. Chan, an engineering consultant, decided to begin a business of his own. Chan has set up the following chart of accounts to be used in his business.

101	Bank	210	A/P—Eustace Bros.	510	Car Expense
110	A/R—M. Armota	211	A/P—Regal Oil	515	Miscellaneous Expense
111	A/R—F. Morsi	301	T.J. Chan, Capital	520	Rent Expense
120	Supplies	302	T.J. Chan, Drawings	525	Telephone Expense
125	Equipment	401	Fees Earned	530	Wages Expense
130	Automobile	505	Bank Charges		

- A. For each of the transactions listed below, work out the changes for the transaction and record these changes in the T-accounts. After finishing the transactions, calculate and record the account balances.

Transactions

1. On March 1, 20–, when T.J. began his business, he invested in the business a bank balance of \$8000, an automobile worth \$14 000, and equipment costing \$6000.
2. Issued cheque for \$465 to Royalty Trust Co. in payment of the monthly rent.
3. Issued cheque for \$200 to the owner for personal use.
4. Received a bill in the amount of \$900 from Eustace Bros. for office supplies purchased on account.
5. Issued cheque for \$350 to West End Garage as payment for repairs to the owner's personal car.
6. Issued bill to F. Morsi for services performed, \$500.
7. Issued cheque for \$400 to pay the office secretary's weekly wage.
8. Received an invoice for \$90 from Regal Oil for gasoline and oil used in the business automobile, due in 30 days.
9. Received a memorandum stating that \$50 had been deducted by the bank from the business's account to cover bank charges for the month.
10. Issued cheque for \$150 to the City Telephone Company in payment of the telephone bill that arrived today.
11. Issued bill to M. Armota for services performed, \$800.
12. Received \$250 cash from C. Fuda to pay for services performed.
13. Purchased a magazine subscription for the office for \$75, paid by cheque.

- B. Balance the ledger of T.J. Chan by means of a trial balance dated March 31, 20–.