## Accounting Cycle - Steps 1-4

1) Collect source docs
2) Analyze transactions into DR/CR
3) Record in journal
4) Post to ledger
(T-Accounts serve as journal/ledger)
(from Inv. A - 1997)
Kellan Moore began business operations on March 1, 2022, designing and building web pages for the public. His March transactions are below. For questions 1-26, indicate in the table below the account number of the accounts that are debited and credited for each transaction.

| Acct \# | Account Title | Acct \# | Account Title |
| ---: | :--- | :---: | :--- |
| 100 | Cash in Bank | 200 | Accounts Payable |
| 105 | Accounts Receivable | 300 | Kellan Moore, Capital |
| 110 | Office/Computer Supplies | 305 | Kellan Moore, Drawing |
| 115 | Prepaid Insurance | 400 | Prof. Fees Revenue |
| 120 | Office Furniture | 500 | Cellphone Expense |
| 125 | Computer Equipment | 505 | Internet Expense |

## Transactions

1

8 Paid the cellphone bill for the current month, \$35 with check \#102
9 Paid L.A. Company a fee of $\$ 25$ with check \#103 for internet access for March
10 Billed Steven Parks, a client, \$100 to set up a 10-page web site
11 Upon completion of a multilevel web site, received $\$ 300$ from Acme Builders
12 Received \$100 on account from Steven Parks
13 Paid \$200 for six months of insurance on the last day of March, effective April 1

| TRANSACTION NUMBER | DEBIT | CREDIT |
| :---: | :--- | :--- |
| 1 | $\# 1$ | $\# 2$ |
| 2 | $\# 3$ | $\# 4$ |
| 3 | $\# 5$ | $\# 6$ |
| 4 | $\# 7$ | $\# 8$ |
| 5 | $\# 9$ | $\# 10$ |
| 6 | $\# 11$ | $\# 12$ |
| 7 | $\# 15$ | $\# 14$ |
| 8 | $\# 17$ | $\# 16$ |
| 9 | $\# 19$ | $\# 18$ |
| 10 | $\# 21$ | $\# 20$ |
| 11 | $\# 23$ | $\# 22$ |
| 12 | $\# 25$ | $\# 24$ |
| 13 |  | $\# 26$ |

In the spaces provided below, indicate the March 31 balance in each account from the unadjusted TB.

| Acct \# | Account Title | TB Amt. | Acct \# | Account Title | TB Amt. |
| :---: | :--- | :--- | :---: | :--- | :--- |
| 100 | Cash in Bank | $\# 27$ | 200 | Accounts Payable | \#33 |
| 105 | Accounts Receivable | $\# 28$ | 300 | Kellan Moore, Capital | $\# 34$ |
| 110 | Office/Comp. Supplies | $\# 29$ | 305 | Kellan Moore, Drawing | \#35 |
| 115 | Prepaid Insurance | $\# 30$ | 400 | Prof. Fees Revenue | $\# 36$ |
| 120 | Office Furniture | $\# 31$ | 500 | Cellphone Expense | $\# 37$ |
| 125 | Computer Equipment | $\# 32$ | 505 | Internet Expense | $\# 38$ |

39. On the trial balance for March 31, the total debits to the cash account were
A. $\$ 645$
B. $\$ 3,400$
C. $\$ 1,755$
D. \$2,755
E. \$605
40. The total payments on account in March equaled
A. zero
B. $\$ 100$
C. $\$ 1,000$
D. $\$ 1,100$
E. $\$ 1,200$
41. The account with a debit balance of $\$ 3,000$ is
A. Cash in Bank
D. Accounts Payable
B. Office Furniture
E. Kellan Moore, Capital
C. Computer Equipment
42. The net income or loss before any adjustments is
A. zero
D. net income \$340
B. net loss $\$ 60$
E. net income \$290
C. net loss $\$ 340$
43. The total of the debits on the March 31 trial balance is
A. $\$ 6,170$
B. \$6,270
C. $\$ 6,300$
D. $\$ 6,500$
E. \$6,945
***44. If the inventory of computer/office supplies was determined to be $\$ 120$, what would be the amount to adjust out of the supplies asset account and transfer to a Supplies Expense account?
A. $\$ 160$
B. $\$ 120$
C. \$40
D. zero
E. some other amount
***45. If the adjustment discussed in question \#44 is made, what would be the adjusted amount of Net Income or Net Loss?
A. zero
B. net loss \$100
C. net loss $\$ 300$
D. net income $\$ 300$
E. net income \$340
${ }^{* * *} 46$. If the adjusting entry discussed in question \#32 is made, and if a physical count of these supplies is $\$ 120$, which of the following is FALSE?
A. the adjusting entry would include a $\$ 40$ credit to Office \& Computer Supplies.
B. the ending balance of Office \& Computer Supplies after adjustment would be $\$ 120$.
C. the adjusting entry would not affect the overall net income or loss.
D. the cash account would not be affected by this adjusting entry.
44. What is the net amount of the transactions involving owner activities? $\qquad$
Bonus Question: Why would there not be an adjustment to the asset Prepaid Insurance for March?


125 Computer Eqp. - A 201 Accts. Payable - Liab. (Inc. Summ.) Trial Balance

300 KELLEN MOORE, CAPITAL - O/E
TWO OWNER ACTIVITIES:

