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Chapter 1 Assignment Problem

Lita Lopez started Biz Consulting, a new business, and completed the following transactions during its first year of operation.

Lita Lopez invests \$70,000 cash and office equipment valued at \$10,000 in the company.

The company purchased a \$150,000 building to use as an office. Biz Consulting paid \$20,000 in cash and signed a note payable promising to pay the \$130,000 balance over the next 10 years.

The company purchased office equipment for \$15,000 cash.

The company purchased \$1,200 of office supplies and \$1,700 of office equipment on credit.

The company paid a local newspaper \$500 cash for printing an announcement of the office's opening.

The company completed a financial plan for a client and billed that client for \$2,800 for the service.

The company designed a financial plan for another client and immediately collected a \$4,000 cash fee.

Lita Lopez withdrew \$3,275 cash from the company for personal use.

The company received \$1,800 cash as partial payment from the client described in transaction f.

The company made a partial payment of 700 cash on the equipment purchased in transaction d.

The company paid \$1,800 cash for the office secretary's wages for this period.

Required

Create a table using the following headings for the columns: Cash; Accounts Receivable; Office Supplies; Office Equipment; Building; Accounts Payable; Notes Payable; L. Lopez, Capital; L. Lopez, Withdrawals; Revenues; and Expenses.

Use additions and subtractions within the table created in Part 1 to show the dollar effects of each transaction on individual items of the accounting equation. Show new balances after each transaction.

Cash	Accounts Receivable	Office Supplies	Office Equipment	Building	Accounts Pay	Notes Payable	L Lopez Capital	L Lopez Withdrawal	Revenues	Expenses
a.\$70,000			+10,000				+80,000			
b.\$20,000				+150,000		+130,000				
Bal. 50,000			+10,000	+150,000		+130,000	+80,000			
c.-15,000			+15,000							
Bal. 35,000			+25,000	+150,000		+130,000	+80,000			
d.		+1,200	+1,700		+2,900					
Bal. 35,000		+1,200	+26,700	+150,000	=2,900	+130,000	+80,000			-\$500
e.-500										
Bal.34,500		+1,200	+26,700	+150,000	=2,900	+130,000	+80,000			-\$500
f.	+2,800								+2,800	
Bal.34,500	+2,800	+ 1,200	+26,700	+150,000	=2,900	+130,000	+80,000		+2,800	-\$500
g.+4,000									+4,000	
Bal.38,500	+2,800	+ 1,200	+26,700	+150,000	=2,900	+130,000	+80,000		+6,800	-\$500
h.-3,275								-\$3,275		
Bal.35,225	+2,800	+ 1,200	+26,700	+150,000	=2,900	+130,000	+80,000	-\$3,275	+6,800	-\$500
i.+1,800	-1,800									
Bal.37,025	1,000	+ 1,200	+26,700	+150,000	=2,900	+130,000	+80,000	-\$3,275	+6,800	-\$500
J.-700					-700					
Bal.36.325	+1,000	+ 1,200	+26,700	+150,000	=2,200	+130,000	+80,000	-\$3,275	+6,800	-\$500

k.-1,800										-\$1,800
Bal.34,525	+1,000	+ 1,200	+26,700	+150,000	=2,200	+130,000	+80,000	-\$3,275	+6,800	-\$2,300