

C4 GROUP ACTIVITY ANSWER KEY

PROBLEM 4-8A

(a)

General Journal

Date	Account Titles	Debit	Credit
July 1	Cash.....	11,000	
	Common Stock		11,000
1	Equipment	9,000	
	Cash.....		2,000
	Accounts Payable		7,000
3	Cleaning Supplies.....	900	
	Accounts Payable		900
5	Prepaid Insurance.....	1,800	
	Cash.....		1,800
12	Accounts Receivable	3,200	
	Service Revenue.....		3,200
18	Accounts Payable.....	1,500	
	Cash.....		1,500
20	Salaries Expense.....	2,000	
	Cash.....		2,000
21	Cash.....	1,400	
	Accounts Receivable		1,400
25	Accounts Receivable	2,500	
	Service Revenue.....		2,500
31	Gas & Oil Expense.....	260	
	Cash.....		260
31	Dividends.....	600	
	Cash.....		600

PROBLEM 4-8A (Continued)

(b), (e) & (h)

Cash			
7/1	11,000	7/1	2,000
7/21	1,400	7/5	1,800
		7/18	1,500
		7/20	2,000
		7/31	260
		7/31	600
7/31 Bal.	4,240		

Accounts Payable			
7/18	1,500	7/1	7,000
		7/3	900
		7/31 Bal.	6,400

Salaries Payable			
		7/31	400
		7/31 Bal.	400

Accounts Receivable			
7/12	3,200	7/21	1,400
7/25	2,500		
7/31	1,700		
7/31 Bal.	6,000		

Common Stock			
		7/1	11,000
		7/31 Bal.	11,000

Cleaning Supplies			
7/3	900	7/31	540
7/31 Bal.	360		

Retained Earnings			
7/31	600	7/31	3,800
		7/31 Bal.	3,200

Prepaid Insurance			
7/5	1,800	7/31	150
7/31 Bal.	1,650		

Dividends			
7/31	600	7/31	600

Equipment			
7/1	9,000		
7/31 Bal.	9,000		

Income Summary			
7/31	3,600	7/31	7,400
7/31	3,800		
		7/31 Bal.	0

Accumulated Depreciation— Equipment			
		7/31	250
		7/31 Bal.	250

Service Revenue			
7/31	7,400	7/12	3,200
		7/25	2,500
		7/31	1,700
		7/31 Bal.	0

PROBLEM 4-8A (Continued)

Gas & Oil Expense			
<u>7/31</u>	<u>260</u>	<u>7/31</u>	<u>260</u>
7/31 Bal.	0		

Insurance Expense			
<u>7/31</u>	<u>150</u>	<u>7/31</u>	<u>150</u>
7/31 Bal.	0		

Cleaning Supplies Expense			
<u>7/31</u>	<u>540</u>	<u>7/31</u>	<u>540</u>
7/31 Bal.	0		

Salaries Expense			
<u>7/20</u>	<u>2,000</u>	<u>7/31</u>	<u>2,400</u>
7/31	400		
<u>7/31 Bal.</u>	<u>0</u>		

Depreciation Expense			
<u>7/31</u>	<u>250</u>	<u>7/31</u>	<u>250</u>
7/31 Bal.	0		

PROBLEM 4-8A (Continued)

(c) & (f)

**CARDINAL WINDOW WASHING INC.
Trial Balance
July 31, 2010**

	Before Adjustment		After Adjustment	
	Debit	Credit	Debit	Credit
Cash	\$ 4,240		\$ 4,240	
Accounts Receivable.....	4,300		6,000	
Cleaning Supplies	900		360	
Prepaid Insurance	1,800		1,650	
Equipment.....	9,000		9,000	
Accumulated Depreciation— Equipment				250
Accounts Payable.....		\$ 6,400		\$ 6,400
Salaries Payable.....				400
Common Stock		11,000		11,000
Dividends.....	600		600	
Service Revenue		5,700		7,400
Salaries Expense	2,000		2,400	
Gas & Oil Expense.....	260		260	
Depreciation Expense			250	
Insurance Expense.....			150	
Cleaning Supplies Expense			540	
	<u>\$23,100</u>	<u>\$23,100</u>	<u>\$25,450</u>	<u>\$25,450</u>

PROBLEM 4-8A (Continued)

(d)

General Journal

Date	Account Titles	Debit	Credit
1. July 31	Accounts Receivable	1,700	
	Service Revenue		1,700
2. 31	Depreciation Expense	250	
	Accumulated Depreciation—Equipment		250
3. 31	Insurance Expense (\$1,800 X 1/12)	150	
	Prepaid Insurance		150
4. 31	Cleaning Supplies Expense (\$900 – \$360)	540	
	Cleaning Supplies		540
5. 31	Salaries Expense	400	
	Salaries Payable		400

(g)

**CARDINAL WINDOW WASHING INC.
Income Statement
For the Month Ended July 31, 2010**

Revenues		
Service revenue		\$7,400
Expenses		
Salaries expense	\$2,400	
Cleaning supplies expense	540	
Gas & oil expense	260	
Depreciation expense	250	
Insurance expense	150	
Total expenses		<u>3,600</u>
Net income		<u>\$3,800</u>

