

Problem 4-8A

Linda Blye opened Cardinal Window Washing Inc. on July 1, 2010. During July the following transactions were completed.

- July 1 Issued 11,000 shares of common stock for \$11,000 cash.
- July 1 Purchased used truck for \$9,000, paying \$2,000 cash and the balance on account.
- July 3 Purchased cleaning supplies for \$900 on account.
- July 5 Paid \$1,800 cash on 1-year insurance policy effective July 1.
- July 12 Billed customers \$3,200 for cleaning services.
- July 18 Paid \$1,000 cash on amount owed on truck and \$500 on amount owed on cleaning supplies.
- July 20 Paid \$2,000 cash for employee salaries.
- July 21 Collected \$1,400 cash from customers billed on July 12.
- July 25 Billed customers \$2,500 for cleaning services.
- July 31 Paid \$260 for gas and oil used in the truck during month.
- July 31 Declared and paid a \$600 cash dividend.

✔ Correct.

Journalize the July transactions. *(List multiple debit/credit entries from largest to smallest amount, e.g. 10, 5, 2.)*

Date	Account/Description	Debit	Credit
July 1	Cash resp_0	11000	
	Common Stock resp_0		11000
	(To record the issuance of stock)		
July 1	Equipment resp_0	9000	
	Accounts Payable resp_0		7000
	Cash resp_0		2000
	(To record the purchase of a truck)		
July 3	Cleaning Supplies resp_0	900	
	Accounts Payable resp_0		900
July 5	Prepaid Insurance resp_0	1800	
	Cash resp_0		1800
	Accounts Receivable resp_0	3200	
	Service Revenue resp_0		3200

3200 1400 11000
 2500 11000
 1700

Correct.

6000 3800

Complete the Trial Balance and Adjusted Trial Balance at July 31. (If an answer is zero, please enter 0, do not leave any fields blank.)

600

CARDINAL WINDOW WASHING INC.
Trial Balance
July 31, 2010

3200

	Before Adjustment		After Adjustment	
	Debit	Credit	Debit	Credit
Cash	4240	0	4240	0
Accounts Receivable	4300	0	6000	600
Cleaning Supplies	900	0	360	0
Prepaid Insurance	1800	0	1650	0
Equipment	9000	0	9000	0
Acc. Depr. - Equipment	0	0	0	250
Accounts Payable	0	6400	0	7400
Salaries Payable	0	0	0	400
Common Stock	0	11000	0	11000
Dividends	600	0	600	0
Service Revenue	0	5700	0	7400
Salaries Expense	2000	0	2400	3200
Gas & Oil Expense	260	0	260	250
Depreciation Expense	0	250	250	0
Insurance Expense	0	0	150	0
Cleaning Supplies Expense	0	250	540	0
	23100	23100	25450	25450
	\$	\$	\$	\$
	0	0	0	0

540

2000 2400
 400
 0

250

250
 0