**2012/1**

**INTRODUCTION TO FINANCIAL ACCOUNTING**

1. Use the following balance sheet equation format to show the effect of the following transactions. Write the signs (+,-) for increases and decreases in components of the equation for each transaction.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Total assets | Total liabilities | Owners' equity |
| A |  |  |  |
| B |  |  |  |
| C |  |  |  |
| D |  |  |  |
| E |  |  |  |
| F |  |  |  |
| G |  |  |  |

A. The owner invests cash in the company.

B. The company borrows money from a bank, issuing a note payable.

C. The company acquires equipment by paying cash for the total amount.

D. The company acquires inventory from the manufacturer on credit.

E. The company returns part of the inventory purchased in part d.

F. The company sells equipment acquired in part c. to a competitor on open account at cost.

G. The company pays the amount due on the inventory purchase in part d.

2) Following is an alphabetical list of the assets, liabilities, and stock owners' equity accounts of Dent Repair, Inc. Prepare a balance sheet dated December 31, 2011.

|  |  |
| --- | --- |
| Accounts payable | $ 3,300 |
| Accounts receivable | 25,200 |
| Capital | 25,500 |
| Cash | 34,800 |
| Inventory | 4,100 |
| Notes payable | 14,900 |
| Retained earnings | 20,400 |