

SOAL 1

E2-7 Rockford Enterprises Ltd. had the following selected transactions.

1. Kris Rockford invested £5,500 cash in the business in exchange for ordinary shares.
2. Paid office rent of £1,100.
3. Performed consulting services worth £4,700 on account.
4. Declared and paid a £400 cash dividend.

Analyze transactions and journalize.

(LO 2, 3, 4)

Instructions

- (a) Indicate the effect each transaction has on the accounting equation (Assets = Liabilities + Equity), using plus and minus signs.
- (b) Journalize each transaction. (Omit explanations.)

SOAL 2

E2-9 Selected transactions from the journal of Roberta Mendez SLU, investment broker, are presented below.

Date	Account Titles and Explanation	Ref.	Debit	Credit
Aug. 1	Cash Share Capital—Ordinary (Investment of cash for shares)		5,000	5,000
10	Cash Service Revenue (Received cash for services performed)		2,700	2,700
12	Equipment Cash Notes Payable (Purchased office equipment for cash and notes payable)		5,000	1,500 3,500
25	Account Receivable Service Revenue (Billed clients for services performed)		1,900	1,900
31	Cash Accounts Receivable (Receipt of cash on account)		850	850

Instructions

- (a) Post the transactions to T-accounts.
- (b) Prepare a trial balance at August 31, 2017.

SOAL 3

P2-1A Prairie Park ASA was started on April 1 by F. L. Wright and associates. The following selected events and transactions occurred during April.

- Apr. 1 Shareholders invested €50,000 cash in the business in exchange for ordinary shares.
4 Purchased land costing €34,000 for cash.
8 Incurred advertising expense of €1,800 on account.
11 Paid salaries to employees €1,500.
12 Hired park manager at a salary of €4,000 per month, effective May 1.
13 Paid €1,500 cash for a one-year insurance policy.
17 Declared and paid a €1,400 cash dividend.
20 Received €6,400 in cash for admission fees.
25 Sold 100 coupon books for €30 each. Each book contains 10 coupons that entitle the holder to one admission to the park.
30 Received €8,500 in cash admission fees.
30 Paid €900 on balance owed for advertising incurred on April 8.

Prairie Park uses the following accounts: Cash, Prepaid Insurance, Land, Accounts Payable, Unearned Service Revenue, Share Capital—Ordinary, Dividends, Service Revenue, Advertising Expense, and Salaries and Wages Expense.

Instructions

Journalize the April transactions.