Prob. 1–5A

1.

Assets								=	Liabilities	+	Owner's Equity
Cash	+	Accounts Receivable	+	Supplies	+	Land		=	Accounts Payable	+	Maria Acosta, Capital
17,200	+	19,000	+	3,750	+	30,000		=	8,200	+	Maria Acosta, Capital
		69,950						=	8,200	+	Maria Acosta, Capital
		61,750						=			Maria Acosta, Capital

Prob. 1–5A Continued

2.

	Assets				=	Liabilities +	Owner's Equity	
	Cash	+ Accounts Receivable	+ Supplies	+ Land	=	Accounts Payable	+ Maria Acosta, Capital	– Maria Acosta, Drawing
Bal.	17,200	19,000	3,750	30,000		8,200	61,750	
a.	+ 50,000						+ 50,000	
Bal.	67,200	19,000	3,750	30,000		8,200	111,750	
b.	– 45,000			+ 45,000				
Bal.	22,200	19,000	3,750	75,000		8,200	111,750	
c.	– 4,500							
Bal.	17,700	19,000	3,750	75,000		8,200	111,750	
d.		+ 15,250						
Bal.	17,700	34,250	3,750	75,000		8,200	111,750	
e.	– 5,800					– 5,800		
Bal.	11,900	34,250	3,750	75,000		2,400	111,750	
f.			+ 3,200			+ 3,200		
Bal.	11,900	34,250	6,950	75,000		5,600	111,750	
g.	+ 22,900							
Bal.	34,800	34,250	6,950	75,000		5,600	111,750	
h.	+ 17,250	– 17,250						
Bal.	52,050	17,000	6,950	75,000		5,600	111,750	
i.						+ 16,380		
Bal.	52,050	17,000	6,950	75,000		21,980	111,750	
j.	– 10,500							
Bal.	41,550	17,000	6,950	75,000		21,980	111,750	
k.			– 4,450					
Bal.	41,550	17,000	2,500	75,000		21,980	111,750	
l.	– 6,000							– 6,000
Bal.	35,550	17,000	2,500	75,000		21,980	111,750	– 6,000

Prob. 1–5A Continued

Owner's Equity (Continued)

	+ Dry Cleaning Revenue	– Dry Cleaning Exp.	– Wages Exp.	– Rent Exp.	– Supplies Exp.	– Truck Exp.	– Utilities Exp.	– Misc. Exp.
Bal.								
a.								
Bal.								
b.								
Bal.								
c.				– 4,500				
Bal.				– 4,500				
d.	+ 15,250							
Bal.	15,250			– 4,500				
e.								
Bal.	15,250			– 4,500				
f.								
Bal.	15,250			– 4,500				
g.	+ 22,900							
Bal.	38,150			– 4,500				
h.								
Bal.	38,150			– 4,500				
i.		– 16,380						
Bal.	38,150	– 16,380		– 4,500				
j.			– 6,200			– 1,875	– 1,575	– 850
Bal.	38,150	– 16,380	– 6,200	– 4,500		– 1,875	– 1,575	– 850
k.					– 4,450			
Bal.	38,150	– 16,380	– 6,200	– 4,500	– 4,450	– 1,875	– 1,575	– 850
l.								
Bal.	38,150	– 16,380	– 6,200	– 4,500	– 4,450	– 1,875	– 1,575	– 850

Prob. 1–5A Continued

3.

COLFAX DRY CLEANERS
Income Statement
For the Month Ended November 30, 2010

Dry cleaning sales		$38,150
Expenses:		
Dry cleaning expense	$16,380	
Wages expense	6,200	
Rent expense	4,500	
Supplies expense	4,450	
Truck expense	1,875	
Utilities expense	1,575	
Miscellaneous expense	850	
Total expenses		35,830
Net income		$ 2,320

COLFAX DRY CLEANERS
Statement of Owner's Equity
For the Month Ended November 30, 2010

Maria Acosta, capital, November 1, 2010			$ 61,750
Additional investment by Maria Acosta	$50,000		
Net income for November	2,320	$52,320	
Less withdrawals		6,000	
Increase in owner's equity			46,320
Maria Acosta, capital, November 30, 2010			$108,070

COLFAX DRY CLEANERS
Balance Sheet
November 30, 2010

Assets		Liabilities	
Cash	$ 35,550	Accounts payable	$ 21,980
Accounts receivable	17,000		
Supplies	2,500	Owner's Equity	
Land	75,000	Maria Acosta, capital	108,070
		Total liabilities and	
Total assets	$130,050	owner's equity	$130,050

Prob. 1–5A Concluded

4. (Optional)

COLFAX DRY CLEANERS
Statement of Cash Flows
For the Month Ended November 30, 2010

Cash flows from operating activities:		
Cash received from customers	$40,150*	
Deduct cash payments for expenses and payments to creditors	20,800**	
Net cash flow from operating activities		$19,350
Cash flows from investing activities:		
Purchase of land		(45,000)
Cash flows from financing activities:		
Cash received as owner's investment	$50,000	
Deduct cash withdrawal by owner	6,000	
Net cash flow from financing activities		44,000
Increase in cash		$18,350
Cash balance, November 1, 2010		17,200
Cash balance, November 30, 2010		$35,550

*$22,900 + $17,250
**$4,500 + $5,800 + $10,500