

The Accounting Equation
Effects of Business Transactions Extra

Name _____

Directions—Analyze each of the following business transactions, and record how the transaction affects the accounting equation using the chart below. If the transaction effects Owner's Equity provide an explanation.

Transactions for Brent's Bowling Alley:

1. Brent invested \$40,000 to start his business.
2. Brent paid \$400 for advertising in the D & C.
3. Weekly sales amounted to \$3,100, of which \$700 was on account.
4. Brent rented store space in town. He paid the rent for the month of September, \$1,200.
5. Brent bought 40 bowling shoes, on account, from Sam's Shoes for \$1,450.
6. Purchased a delivery truck for \$4,000. Brent paid \$2,500 and took a Note for the balance.
7. Collected \$475 of an accounts receivable.
8. Purchased Supplies on account from Meghan's Supply Store for \$550.
9. Paid Utilities expense for the month, \$750 cash
10. Wrote check in amount of \$800 to Sam's Shoes for partial payment on account.
11. Paid his part-time employees for the first two weeks of business, cash \$680

Assets = Liabilities + OE

Tran #	Cash	A/R	Delivery Truck	^{Shoes} Pizza Oven	^{Supplies} Pizza Supplies	A/P	N/P	Brent, Capital	Explanation
1	+40000							+40,000	Investment
2	-400							-400	Ad exp.
3	+2400	+700						3100	Sales
4	-1200							-1200	rent exp.
5			to	+1450		+1450			
6	-2500		+4000				+1500		
7	+475	-475							
8					+550	+550			
9	-750							-750	U. Exp
10	-800	to			-	-800			
11	-680							-680	Sal exp.
	36545	225	4000	1450	550	1200	1500	40070	

42770

42770