**Unit 3: Income Statement Transactions (T – Account, Trial Balance, Formal Journal and Ledger)**

**Activity 1: Revenue, Drawing and Expenses**

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| [Overview](http://download.elearningontario.oise.utoronto.ca/repository/1092440000/BAF3MPU03/BAF3MPU03A01/overview.html) | [Expectations](http://download.elearningontario.oise.utoronto.ca/repository/1092440000/BAF3MPU03/BAF3MPU03A01/expectations.html) | [Content](http://download.elearningontario.oise.utoronto.ca/repository/1092440000/BAF3MPU03/BAF3MPU03A01/content.html) | **Assignment** |

**Complete the following assignment and submit your work to your teacher.**

Using the using the materials supplied by your teacher, open the T-accounts with the balances from the Balance Sheet.

1. Using the T-accounts template, open the T-accounts with the accounts from the Chart of Accounts and the balances from the Balance Sheet.
2. Using the T-accounts template input the transactions into each account. There is no need to incorporate the transaction reference number as the balances will not work out. *(Knowledge/Understanding)*
3. Calculate the balance of each account at the end of the August transactions. This should be done with a function. *(Application)*
4. Prepare a trial balance based on your account balances from the ledger. *(Communication)*

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| **Chart of Accounts****Saints Softball City** |
| **Account** | **No.** | **Account** | **No.** |
| Bank | **105** | S. Lucas, Capital | **305** |
| A/R – Infield Flyers | **110** | S. Lucas, Drawings | **310** |
| A/R – Remdal Red Sox | **115** | Membership Fees | **405** |
| Supplies | **120** | Cash Sales | **410** |
| Equipment | **125** | Bank Charges Expense | **505** |
| A/P – Cannon Sports | **205** | Heating Expense | **510** |
| A/P – Ewert Equipment | **210** | Rent Expense | **515** |
| A/P – Sandhu Sporting Goods | **215** | Repair Expense | **520** |
| Bank Loan | **220** | Wages Expense | **525** |
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| **Saints Softball City** |
| **Balance Sheet** |
| **July 31st  2006**  |
| **Assets** |   |   | **Liabilities** |   |
| Bank | $  33 000- |   | *Accounts Payable* |   |
| *Accounts Receivable* |   |   |      - Cannon Sports | $  10 000- |
|      - Infield Flyers | 1 000- |   |      - Ewert Equipment | 22 000- |
|      - Remdal Red Sox |  500- |   |      - Sandhu Sporting Goods |  500- |
| Supplies | 7 500- |   | Bank Loan | 25 000- |
| Equipment | 50 000- |   | Total Liabilities |  $  57 500- |
|   |   |   | **Owner’s Equity** |   |
|   |   |   | S. Lucas, Capital | 34 500- |
| Total Assets | $92 000- |   | Total liabilities and Owner’s Equity | $92 000 |

**Transactions for August**

1. Samuel Lucas, the owner, invested $40 000 in the business.
2. Borrowed $15 000 from the bank, which was deposited in the business’ bank account.
3. Paid $1 500 to Romeyn Properties Ltd. for the monthly rent.
4. Bought office and various sport supplies for $2 000 cash.
5. Purchased $43 000 worth of bats, helmets, and other sports equipment from Cannon Sports on account. The amount is due in 30 days.
6. Paid $800 cash for the heating bill received today.
7. Bought pitching machines from Ewert Equipment for $12 000 and have 30 days in which to pay.
8. Equipment was repaired ($350) from Ewert Equipment and will be paid for later.
9. Bought $7 800 of miscellaneous sports supplies on account from Sandhu Sporting Goods.
10. Sold a one month, team membership to the Infield Flyers for $800 on account. The amount is to be received in 15 days.
11. Sold a two-month team membership to the Remdal Red Sox for $2 200 on account. The bill is due in 30 days.
12. Cash sales for the month amounted to $40 200.
13. Bank charges for services fees and interest amounted to $250, which was taken directly out of the business’ bank account.
14. Paid $2 200 cash for monthly wages.
15. Sold a one-month membership cash for $1 300.
16. Paid the full amount to Ewert Equipment from transaction 8 ($350).
17. Owner withdrew $1 000 for personal use.