

2-2A – Basic Journal Entries, T-Accounts, Trial Balance – New Company

In August 2017, Maria Chen started her new taxidermy business: The Right Stuff Inc. The business focused on preserving family pets after they passed away. The following transactions occurred during August:

- August 1** Maria invested \$1,000 cash in exchange for 250 common shares.
- August 1** Rented work space. Paid \$600 for the month of August.
- August 2** The company borrowed \$5,000 in the form of a long-term bank loan. The money was planned to purchase much of the equipment that would be needed.
- August 5** Purchased equipment: \$4,000. Paid \$1,000 with the rest payable at the end of August.
- August 10** Received and completed first taxidermy job – a poodle named Rex. Received \$400 cash.
- August 12** Purchased supplies on account: \$200.
- August 13** Completed second taxidermy job: A chocolate Labrador retriever named KitKat: \$600 on account.
- August 14** Took a dividend of \$500 to pay for personal expenses.
- August 19** Received and paid the utilities bill, \$200.
- August 20** Paid for the August 5 equipment purchase.
- August 21** Received a telephone bill: \$200. Did not pay yet.
- August 24** Received payment for the August 13th job.
- August 27** Completed third taxidermy job: A calico cat named Spot: \$250. Received payment.
- August 31** Paid salaries of \$1,000.

Required:

- a.) Record all necessary journal entries based on the transactions above.
- b.) Post the transactions to T-Accounts.
- c.) Prepare a trial balance dated August 31.