

Debit  
Accounts

Credit  
Accounts

- The Accounts that increase the owner's equity (Credit)
- The Accounts that decrease the owner's equity (Debit)

**Assets = liabilities + owner's equity**

↑ Dr. ↓ Cr.    ↑ Cr. ↓ Dr.

↑ Cr. ↓ Dr.

# Owner's Equity

- **Owner's capital**

Increase the owner's equity so its nature is credit Account  
Increase in credit – decrease in debit

- **Drawings**

Decrease the owner's equity so its nature is Debit Account  
Increase in debit– decrease in credit

- **Revenues**

Increase the owner's equity so its nature is credit Account  
Increase in credit – decrease in debit

- **expenses**

Decrease the owner's equity so its nature is debit Account  
Increase in debit– decrease in credit

**P2-2A** Emily Valley is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred:

- ***Instructions***

(a) Journalize the transactions.

(b) Post to the ledger accounts.

(c) Prepare a trial balance on April 30, 2017

**April 1 Invested \$20,000 cash in her business.**

**Cash Increased      Owner's Capital Increased**

**Debit**

**Credit**

### **The journal entry**

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 1</b>	<b>cash</b>	<b>20000</b>	
	<b>Owner's Capital</b>		<b>20000</b>

### **The ledger (using standard format)**

#### **Cash**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April1</b>	<b>20000</b>		<b>20000</b>

#### **Owner's Capital**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April1</b>		<b>20000</b>	<b>20000</b>

**April 1 Hired a secretary-receptionist at a salary of \$700 per week payable monthly.**

**No economic event occurred so there is no entry**

**April 2 Paid office rent for the month \$1,100.**

**Cash Decreased (Credit)    Rent Expense. increased (Debit)**

## The journal entry

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 2</b>	<b>Rent Expense</b>	<b>1100</b>	
	<b>Cash</b>		<b>1100</b>

## The ledger (using standard format)

### Cash

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April 1</b>	<b>20000</b>		<b>20000</b>
<b>April 2</b>		<b>1100</b>	<b>18900</b>

### Rent Expense

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April 3</b>	<b>1100</b>		<b>1100</b>

**April 3 Purchased dental supplies on account from Dazzle Company \$4,000.**

**Supplies increased(Debit)    Accounts payable increased (Credit)**

## **The journal entry**

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 3</b>	<b>Supplies</b>	<b>4000</b>	
	<b>Accounts Payable</b>		<b>4000</b>

## **The ledger (using standard format)**

### **Supplies**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April3</b>	<b>4000</b>		<b>4000</b>

### **Accounts Payable**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April3</b>		<b>4000</b>	<b>4000</b>

**April 10 Performed dental services and billed insurance companies \$5,100.**

**Service Revenues Increased (Credit)**

**Accounts Receivable increased (debit)**

### **The journal entry**

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 10</b>	<b>Accounts Receivable</b>	<b>5100</b>	
	<b>Service Revenues</b>		<b>5100</b>

### **The ledger (using standard format)**

#### **Accounts receivable**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April10</b>	<b>5100</b>		<b>5100</b>

#### **Service Revenues**

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April10</b>		<b>5100</b>	<b>5100</b>



**April 11 Received \$1,000 cash advance from Leah Mataruka for an implant.**

**Cash increased ( Debit)**

**Unearned Service Revenues increased (Credit)**

## The journal entry

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 10</b>	<b>Cash</b>	<b>1000</b>	
	<b>Unearned Service Revenue</b>		<b>1000</b>

## The ledger (using standard format)

### Cash

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April1</b>	<b>20000</b>		<b>20000</b>
<b>April2</b>		<b>1100</b>	<b>18900</b>
<b>April11</b>	<b>1000</b>		<b>19900</b>

### Unearned Service Revenues

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April11</b>		<b>1000</b>	<b>1000</b>

April 20 Received \$2,100 cash for services performed from Michael Santos.

**Cash increased (Debit)**

**Service Revenue increased (Credit)**

## The journal entry

date	Explanation	Debit	Credit
April20	Cash	2100	
	Service Revenue		2100

## The ledger (using standard format)

### Cash

date	debit	credit	Balance
April1	20000		20000
April2		1100	18900
April11	1000		19900
April20	2100		22000

### Service Revenues

date	debit	credit	Balance
April10		5100	5100
April20		2100	7200

**April 30 Paid secretary-receptionist for the month \$2,800.**

**Cash decreased (Credit)**

**Salaries Expense increased (Debit)**

## The journal entry

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April 30</b>	<b>Salaries Expense</b>	<b>2800</b>	
	<b>Cash</b>		<b>2800</b>

## The ledger (using standard format)

### Cash

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April1</b>	<b>20000</b>		<b>20000</b>
<b>April2</b>		1100	18900
<b>April11</b>	1000		19900
<b>April20</b>	2100		22000
<b>April30</b>		2800	19200

### Salaries Expense

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April30</b>	2800		2800

**April 30 Paid \$2,400 to Dazzle for accounts payable due.  
Cash decreased (Credit)    Accounts Payable Decreased (Debit)**

## The journal entry

<b>date</b>	<b>Explanation</b>	<b>Debit</b>	<b>Credit</b>
<b>April30</b>	<b>Accounts payable</b>	<b>2400</b>	
	<b>Cash</b>		<b>2400</b>

## The ledger (using standard format)

### Cash

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April1</b>	<b>20000</b>		<b>20000</b>
<b>April2</b>		1100	18900
<b>April11</b>	1000		19900
<b>April20</b>	2100		22000
<b>April30</b>		2800	19200
<b>April30</b>		2400	16800

### Accounts Payable

<b>date</b>	<b>debit</b>	<b>credit</b>	<b>Balance</b>
<b>April3</b>		4000	4000
<b>April30</b>	2400		1600

Cash			
date	debit	credit	Balance
<b>April1</b>	<b>20000</b>		<b>20000</b>
<b>April2</b>		1100	18900
<b>April11</b>	1000		19900
April20	2100		22000
April30		2800	19200
April30		2400	<b>16800</b>

Supplies			
date	debit	credit	Balance
<b>April3</b>	<b>4000</b>		<b>4000</b>

Accounts Receivable			
date	debit	credit	Balance
<b>April10</b>	<b>5100</b>		<b>5100</b>

Service Revenue			
date	debit	credit	Balance
<b>April10</b>		5100	5100
<b>April20</b>		2100	<b>7200</b>

Accounts Payable			
date	debit	credit	Balance
<b>April3</b>		4000	4000
<b>April30</b>	<b>2400</b>		<b>1600</b>

Unearned Service Revenue			
date	debit	credit	Balance
<b>April11</b>		1000	<b>1000</b>

Owner's Capital			
date	debit	credit	Balance
<b>April1</b>		<b>20000</b>	<b>20000</b>

Rent Expense			
date	debit	credit	Balance
<b>April3</b>	<b>1100</b>		<b>1100</b>

Salaries Expense			
date	debit	credit	Balance
<b>April30</b>	<b>2800</b>		<b>2800</b>

# BRIDGETTE KEYES, DENTIST

## Trial Balance

April 30, 2014

Explanation	Debit	Credit
Cash	16800	
Accounts receivable	5100	
Supplies	4000	
Accounts Payable		1600
Unearned Service Revenue		1000
Owner's Capital		20000
Service Revenue		7200
Salaries & Wages Expense	2800	
Rent Expense	1100	
	<b>29800</b>	<b>29800</b>