**Accrual Accounting Concepts**

On March 1, 2008, Kara Frantz established Mudcat Realty, which completed the following transactions during the month:

a). Kara Frantz transferred cash from a personal bank account to an account to be

used for the business, $15,000.

b). Paid rent on office and equipment for the month, $2,500.

c). Purchased supplies on account, $850.

d). Paid creditor on account, $400.

e). Earned sales commissions, received cash, $15,750.

f). Paid automobile expenses (including rental charge) for month, $2,400, and

miscellaneous expenses, $600.

g). Paid office salaries, $3,250.

h). Determined that the cost of supplies used was $575.

i). Withdrew cash for personal use, $1,000.

Instructions:

1. Journalize entries for transactions (a) through (i), using the following account titles:

Cash; Supplies; Accounts Payable; Kara Frantz, Capital; Kara Frantz, Drawing; Sales

Commissions; Office Salaries Expense; Rent Expense; Automobile Expense; Supplies

Expense; Miscellaneous Expense. Explanations may be omitted.

2. Prepare T-Accounts, using the account titles in (1). Post the journal entries to these

accounts, placing the appropriate letter to the left of each amount to identify the

transactions. Determine the account balances, after all posting is complete.

Accounts containing only a single entry do not need a balance.

3. Prepare an unadjusted trial balance as of March 31, 2008.

4. Determine the following:

a. Amount of total revenue recorded in the ledger.

b. Amount of total expenses recorded in the ledger.

c. Amount of net income for March.