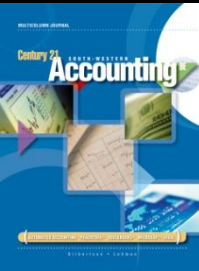


LESSON 1-3

How Transactions Change Owner's Equity in an Accounting Equation

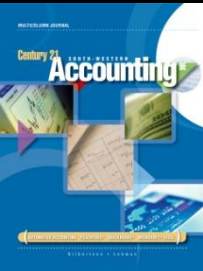


REVENUE TRANSACTIONS

Transaction 6 August 12. Received cash from sales, \$295.00.

	Assets				=	Liabilities + Owner's Equity	
	Accts. Rec.— Oakdale School		Prepaid Supplies + Insurance		Accts. Pay.— Supply Depot	Kim Park, Capital	
Balances	\$3,225	—0—	\$775	\$1,200	\$200	\$5,000	
Received cash from sales	+295					+295 (revenue)	
New Balances	\$3,520	—0—	\$775	\$1,200	\$200	\$5,295	
Sold services on account		+350				+350 (revenue)	
New Balances	\$3,520	\$350	\$775	\$1,200	\$200	\$5,645	
	Total of left side: \$3,520 + \$350 + \$775 + \$1,200 = \$5,845					Total of right side: \$200 + \$5,645 = \$5,845	

Transaction 7 August 12. Sold services on account to Oakdale School, \$350.00.



EXPENSE TRANSACTIONS

Transaction 8 August 12. Paid cash for rent, \$300.00.

	Assets				=	Liabilities + Owner's Equity	
	Accts. Rec.— Oakdale School		Supplies	Prepaid Insurance	=	Accts. Pay.— Supply Depot	Kim Park, Capital
	Cash +		+		=		
Balances	\$3,520	\$350	\$775	\$1,200		\$200	\$5,645
➡ Paid cash for rent	-300						-300 (expense)
New Balances	\$3,220	\$350	\$775	\$1,200		\$200	\$5,345
➡ Paid cash for telephone bill	-40						-40 (expense)
New Balances	\$3,180	\$350	\$775	\$1,200		\$200	\$5,305
	Total of left side:					Total of right side:	
	\$3,180 + \$350 + \$775 + \$1,200 = \$5,505					\$200 + \$5,305 = \$5,505	

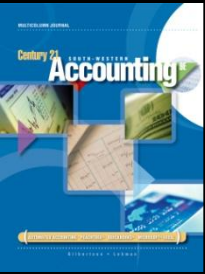
Transaction 9 August 12. Paid cash for telephone bill, \$40.00.

OTHER CASH TRANSACTIONS

Transaction 10 August 18. Received cash on account from Oakdale School, \$200.00.

	Assets				=	Liabilities + Owner's Equity	
	Cash +	Accts. Rec.— Oakdale School	+ Supplies	+ Prepaid Insurance	=	Accts. Pay.— Supply Depot	+ Kim Park, Capital
Balances	\$3,180	\$350	\$775	\$1,200		\$200	\$5,305
Received cash on account	+200	-200					
New Balances	\$3,380	\$150	\$775	\$1,200		\$200	\$5,305
Paid cash to owner for personal use							
		-125					-125 (withdrawal)
New Balances	\$3,255	\$150	\$775	\$1,200		\$200	\$5,180
	Total of left side:					Total of right side:	
	\$3,255 + \$150 + \$775 + \$1,200 = \$5,380					\$200 + \$5,180 = \$5,380	

Transaction 11 August 18. Paid cash to owner for personal use, \$125.00.



TERMS REVIEW

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- revenue
- sale on account
- expense
- withdrawals