

## I-02.04

Morgan Corporation opened the year 20X6, with the following trial balance information:

Cash	\$	25,000		
Accounts Receivable		75,000		
Land		150,000		
Accounts Payable		-	\$	60,000
Loan Payable		-		30,000
Capital Stock		-		50,000
Retained Earnings		-		110,000
Dividends		-		-
Revenues		-		-
Salaries Expense		-		-
Rent Expense		-		-
Supplies Expense		-		-
Interest Expense		-		-
	\$	<u>250,000</u>	\$	<u>250,000</u>

January's transactions are listed below:

- Jan. 2 Collected \$10,000 on an open account receivable.
- Jan. 3 Purchased additional tract of land for \$20,000 cash.
- Jan. 5 Provided services on account to a customer for \$15,000.
- Jan. 7 Borrowed \$12,000 on a term loan payable.
- Jan. 11 Paid salaries of \$3,000.
- Jan. 12 Provided services to customers for cash, \$11,000.
- Jan. 15 Purchased (and used) office supplies on account, \$2,000.
- Jan. 17 The company paid shareholders a \$2,500 dividend.
- Jan. 20 Paid rent of \$1,700.
- Jan. 23 Paid salaries of \$4,000.
- Jan. 24 Paid \$16,000 on the open accounts payable.
- Jan. 29 Collected \$50,000 on accounts receivable.
- Jan. 31 Repaid loans of \$22,000.
- Jan. 31 Paid interest on loans of \$600.

- (a) Create the general ledger accounts, and enter the initial balances at the start of the month of January. This requirement is already completed on the worksheets.
- (b) Prepare journal entries for January's transactions.
- (c) Post January's transactions to the appropriate general ledger accounts.
- (d) Prepare a trial balance as of January 31.
- (e) Prepare an income statement and statement of retained earnings for January, and a balance sheet as of the end of January.