

Problem I-01.05 provided the following data for Bingo Corporation. In that problem, financial statements were prepared after each transaction. This problem requires you to use T-accounts to capture the transactions and produce a final set of financial statements.

- (1) Issued capital stock for \$50,000 cash.
 - (2) Purchased building for \$120,000, making a \$20,000 down payment and signing a promissory note payable for the balance.
 - (3) Paid wages expense of \$5,000.
 - (4) Provided services to customers for \$15,000 cash.
 - (5) Paid utilities expense of \$2,000.
 - (6) Reduced note payable with an \$8,000 cash payment (ignore interest costs).
 - (7) Provided services to customers on account, \$10,000.
 - (8) Incurred wages expense of \$3,000, to be paid in the future.
 - (9) Collected \$4,000 on an outstanding account receivable.
 - (10) Declared and paid dividend of \$6,000.
- (a) Prepare T-accounts for the above transactions.
 - (b) Prepare the resulting trial balance.
 - (c) Prepare the income statement, statement of retained earnings, and balance sheet that results from these 10 transactions.
 - (d) Comment on the value of an information processing system. Would T-accounts provide a sufficient data processing system?