ACCOUNTING
JOURNAL ENTRIES
Joe’s Car Repairs
Please note that in the below transactions debit is denoted by Dr and credit is denoted by Cr.

**June 1.** Joe invested $10,000 cash and invested equipment valued at $20,000 in exchange for 500 common shares.

**Analysis of Transaction**
Steps:
1. Increase in Assets (Cash) by $10,000
2. Increase in Assets (Equipment) by $20,000
3. Increase in Owner’s Equity (Common Shares) by $30,000

**Journal Entry**

**June 1, 2017**
Dr  Cash - $10,000
Dr  Equipment - $20,000
Cr  Common Shares - $30,000

**Results of Journal Entry**
- cash balance increases by $10,000. Increase in Assets
- equipment balance increases by $20,000. Increase in Assets
- owner’s equity balance increases by $30,000. Increase in Owner’s Equity
June 2. Paid rent on a small downtown garage for $2,500 (cash) to cover the month of June.

Analysis of Transaction
Steps:
1. Increase in Assets (Prepaid Rent) by $2,500
2. Decrease in Assets (Cash) by $2,500

Journal Entry

June 2, 2017
Dr Prepaid Rent - $2,500
Cr Cash - $2,500

Results of Journal Entry
- prepaid rent increases by $2,500. Increase in Assets
- cash balance decreases by $2,500. Decrease in Assets

June 3. Purchased equipment on account. $8,000 is due to be paid on April 3, 2017.

Analysis of Transaction
Steps:
1. Increase in Assets (Equipment) by $8,000
2. Increase in Liabilities (Accounts Payable) by $8,000
Journal Entry

**June 3, 2017**
**Dr**  Equipment - $8,000  
**Cr**  Accounts Payable - $8,000  

**Results of Journal Entry**  
- equipment balance increases by $8,000. Increase in Assets  
- accounts payable balance increases by $8,000. Increase in Liabilities  

**June 6.** Paid $100 to sponsor a local sports team.  

**Analysis of Transaction**  
Steps:  
1. Increase in Expenses (Donation Expense) by $100  
2. Decrease in Assets (Cash) by $100  

Journal Entry

**June 6, 2017**
**Dr**  Donation Expense - $100  
**Cr**  Cash - $100  

**Results of Journal Entry**  
- increase in Expenses (Donation Expense) by $100  
- decrease in Assets (Cash) by $100
Results of Journal Entry
- cash balance decreases by $100. Decrease in Assets
- donation expense account balance increases by $100. Increase in Expenses

June 10. Paid $250 dividend to shareholders.

Analysis of Transaction
Steps:
1. Decrease in Liabilities (Dividends Payable) by $250
2. Decrease in Assets (Cash) by $250

Journal Entry

June 10, 2017
Dr Dividends Payable - $250
Cr Cash - $250

Results of Journal Entry
- cash balance decreases by $250. Decrease in Assets
- dividends payable account balance decreases by $250. Decrease in Liabilities

June 10. Paid $250 dividend to shareholders.
June 14. Paid employees’ salaries of $2,000.

Analysis of Transaction
Steps:
1. Increase in Expenses (Salaries Expense) by $2,000
2. Decrease in Assets (Cash) by $2,000

Journal Entry

June 14, 2017
Dr Salaries Expense - $2,000
Cr Cash - $2,000

Results of Journal Entry
- cash balance decreases by $2,000. Decrease in Assets
- salaries expense account balance increases by $2,000. Increase in Expenses

June 15. Performed car repair work for the first two weeks of June. Billed and received $7,000.

Analysis of Transaction
Steps:
1. Increase in Assets (Cash) by $7,000
2. Increase in Revenue (Sales) by $7,000
Journal Entry

June 15, 2017
Dr  Cash $7,000
Cr  Sales Revenue - $7,000

Results of Journal Entry
- cash balance increases by $7,000. Increase in Assets
- sales revenue account balance increases by $7,000. Increase in Revenue

June 16. Performed car repair work for customer #233 - $1,000. The customer did not pay but agreed to pay within 30 days.

Analysis of Transaction
Steps:
1. Increase in Assets (Accounts Receivable) by $1,000
2. Increase in Revenue (Sales) by $1,000

Journal Entry

June 16, 2017
Dr  Accounts Receivable - $1,000
Cr  Sales Revenue - $1,000
Results of Journal Entry
- accounts receivable balance increases by $1,000. Increase in Assets
- sales revenue account balance increases by $1,000. Increase in Revenue

June 22. Paid for the equipment purchase from June 3.

Analysis of Transaction
Steps:
1. Decrease in Liabilities (Accounts Payable) by $8,000
2. Decrease in Assets (Cash) by $8,000

Journal Entry

June 22, 2017
Dr  Accounts Payable - $8,000
Cr  Cash - $8,000

Results of Journal Entry
- cash balance decreases by $8,000. Decrease in Assets
- accounts payable balance decreases by $8,000. Decrease in Liabilities

June 26. Received one half of the amount owed from the June 16 transaction.
Analysis of Transaction
Steps:
1. Increase in Assets (Cash) by $500
2. Decrease in Assets (Accounts Receivable) by $500

Journal Entry

June 26, 2017
Dr  Cash – $500
Cr  Accounts Receivable - $500

Results of Journal Entry
- cash balance increases by $500. Increase in Assets
- accounts receivable balance decreases by $500. Decrease in Assets

June 30. Paid employees’ salaries of $2,000.

Analysis of Transaction
Steps:
1. Increase in Expenses (Salaries Expense) by $2,000
2. Decrease in Assets (Cash) by $2,000

Journal Entry
June 30, 2017
Dr  Salaries Expense - $2,000
Cr  Cash - $2,000

Results of Journal Entry
- cash balance decreases by $2,000. Decrease in Assets
- salaries expense account balance increases by $2,000. Increase in Expenses

June 30. Received a telephone bill for $125 for June. Not yet paid.

Analysis of Transaction
Steps:
1. Increase in Expenses (Telephone Expense) by $125
2. Increase in Liabilities (Accounts Payable) by $125

Journal Entry

June 30, 2017
Dr  Telephone Expense - $125
Cr  Accounts Payable - $125

Results of Journal Entry
- accounts payable balance increases by $125. Increase in Liabilities
- telephone expense account balance increases by $125. Increase in Expenses