

Class Exercise  
Chapter 2 concepts  
Transactions and Financial Statements

- a) Debbie opened Debbie's Diaper Service with a \$25,000 deposit of personal funds into the business.
- b) Debbie bought a set of heavy duty washing machine for \$10,000, paying \$3,000 and the remainder on account.
- c) Debbie bought supplies to use in the business for \$1,000 on account at Office Depot.
- d) Debbie performed diaper delivery services for cash customers for \$4,000.
- e) Debbie performed diaper delivery services for customers on account and billed them \$6,000.
- f) Debbie paid \$600 to office depot on account for goods previously purchased in transaction c.
- g) Debbie paid the annual premium to GEICO for liability insurance in the amount of \$1,200.
- h) Debbie paid \$700 to repair one of the washing machines.
- i) Debbie paid \$1,200 to a worker for their services and another \$1,400 in utility bills that were received in the mail today.
- j) Debbie collected \$3,000 in cash from customers who had previously been billed on account.
- k) Debbie withdrew \$1,500 for personal reasons.

**Review:** Record the transactions. Make sure your accounting equation is in balance.

**New:** Today in class, we will look to answer the following:

1. Was the business profitable? By how much?
2. What was Debbie's net worth at the end of the month?
3. What does her financial position look like? How many assets does she have and what type of debt is she in?