b. On February 7, provide website design services to Acme Company, for $20,000 on account. The company expects Acme to pay in the future.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	7	Accounts receivable (A+)	20,000	
		Design revenue (REV+, E+)		20,000

c. On February 14, collect $18,000 cash from Acme Company for service provided on Feb 7.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	14	Cash (A+)	18,000	
		Accounts receivable (A-)		18,000

d. On February 16, sell a $1,000 gift certificate for cash.
[Gift certificate is a voucher given as a present that is exchangeable for a specified cash value of goods or services from a particular place of business.]

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	16	Cash (A+)	1,000	
		Unearned revenue (L+)		1,000

e. On February 21, customer redeems (uses) a $1,000 gift certificate for website design services.
[Redeem = to exchange for goods.]

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	21	Unearned revenue (L-)	1,000	
		Design revenue (REV+, E+)		1,000

f. On February 25, paid employees $16,000 cash for their wages earned.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	25	Wage expense (EXP+, E-)	1,000	
		Cash (A-)		1,000

g. On February 28, paid $3,000 cash for insurance covering 1 year from March 1, 2014 through February 28, 2014.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	28	Prepaid expense (A+)	3,000	
		Cash (A-)		3,000

h. On February 28, paid $9,000 cash in advance for office rent for a six-month period starting March 1, 2014.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	28	Prepaid expense (A+)	9,000	
		Cash (A-)		9,000

i. On February 28, received $250 telephone bill for previous month, to be paid next month.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	28	Telephone expense (EXP+, E-)	250	
		Accounts payable (L+)		250

j. On February 28, received $500 utility bill for this month and made cash payment immediately.

GENERAL JOURNAL				
Date		Account Titles and Explanation	Debit	Credit
Feb	28	Utilities expense (EXP+, E-)	500	
		Cash (A-)		500

Step 3: Post the transactions to T-accounts to determine the ending balances of each of the accounts.

The following T-accounts set forth the ending balances of the accounts of Tabor Hill Designers as of January 31, 2014. Post each of the February 2014 journal entries to the T-accounts.

Assets

+ Cash –

BegBal	3,100		
(a)	40,000	(f)	16,000
(c)	18,000	(a)	3,000
(d)	1,000	(h)	9,000
		(j)	500
EndBal	**33,600**		

+ Accounts Receivable –

BegBal	0		
(b)	20,000	(c)	18,000
EndBal	**2,000**		

+ Supplies –

BegBal	900		
EndBal	**900**		

+ Prepaid Expenses –

BegBal	0		
(g)	3,000		
(h)	9,000		
EndBal	**12,000**		

+ Property, Plant & Equipment –

BegBal	21,000		
EndBal	**21,000**		

Liabilities

- Accounts Payable +

		BegBal	0
		(i)	250
		EndBal	**250**

- Notes Payable +

		BegBal	15,000
		EndBal	**15,000**

- Unearned Revenue +

		BegBal	0
(e)	1,000	(d)	1,000
		Endbal	**0**

Stockholders' Equity

- Common Stock +

		BegBal	10,000
		EndBal	**10,000**

- Retained Earnings +

		BegBal	0
		EndBal	**0**

- Design Revenue +

		BegBal	0
		(a)	40,000
		(b)	20,000
		(e)	1,000
		EndBal	**61,000**

+ Wage Expense –

BegBal	0		
(f)	16,000		
EndBal	**16,000**		

+ Utilities Expense –

BegBal	0		
(j)	500		
EndBal	**500**		

+ Telephone Expense –

BegBal	0		
(i)	250		
EndBal	**250**		

Step 4: Prepare the Statement of Income, Statement of Stockholders' Equity, and Statement of Financial Position for Tabor Hill as of and for the month ended February 28, 2014.

Use the ending balances from the T-accounts on previous exercise to prepare (1) Statement of Comprehensive Income; (2) Statement of Stockholders' Equity; and (3) Statement of Financial Position for Tabor Hill as of and for the month ended February 28, 2014. (*Ignore income tax expense.)

First, prepare Statement of Income

TABOR HILL DESIGNERS INC.

Statement of Income

For the month ended February 28, 2014

Revenues:	
Design revenues	$ 61,000
Expenses:	
Wages expenses	16,000
Utilities expenses	500
Telephone expenses	250
Total expenses	16,750
Pretax income	44,250
Less: Income tax expense*	-
Net income	$ 44,250

Net income increases Retained Earnings

TABOR HILL DESIGNERS INC.

Statement of Stockholders' Equity

For the month ended February 28, 2014

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, January 31, 2014	$ 10,000	$ 0	$ 10,000
Net income	-	44,250	44,250
Dividend	-	-	-
Balance, February 28, 2014	$ 10,000	$ 44,250	$ 54,250

These balances are then used in the Statement of Financial Position.

TABOR HILL DESIGNERS INC.

Statement of Financial Position

As of February 28, 2014

Assets

Current assets	
Cash	$ 33,600
Accounts receivable	2,000
Supplies	900
Prepaid expenses	12,000
Total current assets	48,500
Property, plant and equipment	21,000
Total assets	$ 69,500

Liabilities & Stockholders' Equity

Current liabilities	
Accounts payable	$ 250
Notes payable	15,000
Unearned revenue	-
Total current liabilities	15,250
Stockholders' Equity	
Common stock	10,000
Retained earnings	44,250
Total stockholders' equity	54,250
Total liabilities & stockholders' equity	$ 69,500