

WEST CLUB LTD.

West Club Ltd, has the following account balances as on 31 December 2023:

Cash, £5,000; Accounts Receivable, £2,000; Prepaid Rent £1,500 (for 3 months); Supplies, £850; Equipment, £6,000; Trucks, £15,000; Accounts Payable, £2,500; Common Stock, £20,000. Business transactions during December are presented as follows:

- Company received cash from clients for services, £4,500
- Peterson paid to creditors £500,
- Company billed client for accounting services on account, £5,200
- Supplies were purchased on account, £650,
- Company received cash from clients billed previously, £6,000
- Peterson received an invoice for office equipment repair services from Office Extra for December (the invoice will be paid next month), £850,
- Peterson paid monthly salaries, £2,700,
- Utilities expense were paid, £280,
- Miscellaneous expenses were paid, £350,
- Cash Dividend were paid, £550.
- One month of prepaid rent is to be adjusted

Required:

- 1. Prepare an Opening Balance Journal Entry as on 1 January 2024**
- 2. Prepare the Journal Entries for the transactions took place during the month**
- 3. Post the Entries and the Opening Balances to the relevant ledgers**
- 4. Prepare Trial balance at the end of the month**

1. Opening Balance Journal - 1 January 2024

Particulars	Debit	Credit
Cash	5,000	
Account Receivable	2,000	
Prepaid Rent	1,500	
Supplies	850	
Equipment	6,000	
Trucks	15,000	
Accounts Payable		2,500
Common Stock		20,000

2. Journal Entries – December transactions

Particulars	Debit	Credit
Cash received	4,500	
Services provided		4,500

Particulars	Debit	Credit
Payment		500
Account Payable	500	

Particulars	Debit	Credit
Services provided		5,200
Account Receivable	5,200	

Particulars	Debit	Credit
Supplies	650	
Account Payable		650

Particulars	Debit	Credit
Cash	6,000	
Account Receivable		6,000

Particulars	Debit	Credit
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Repairs	850	
Account Payable		850

Particulars	Debit	Credit
Salaries	2,700	
Cash		2,700

Particulars	Debit	Credit
Utilities	280	
Cash		280

Particulars	Debit	Credit
Miscellaneous	350	
Cash		350

Particulars	Debit	Credit
Dividend	550	
Cash		550

3. Entries and the Opening Balances

Cash

Debit	Credit
Open - 2,000	
Service- 4,500	
Received – 6,000	
	Salaries – 2,700
	Utilities - 280
	Miscellaneous - 350
	Dividend - 550
Total – 15,500	Total – 3,880

Balance b/d: **11,620**

Account Receivable

Debit	Credit
Open - 5,000	
Received – 5,200	
	Received – 6,000
Total – 10,200	Total – 6,000

Balance b/d: 4,200

Supplies

Debit	Credit
Open - 850	
Purchased – 650	
Total – 1,500	Total – 0

Balance b/d: 1,500

Equipment

Debit	Credit
Open - 6,000	
Purchased – 850	
Total – 6,850	Total – 0

Balance b/d: 6,850

Account Payable

Debit	Credit
	Open – 2,500
Payment– 500	
	Supplies - 650
	Repairs - 850
Total – 500	Total – 4,000

Balance b/d: 3,500

Rent

Debit	Credit
Open – 1,500	
Total – 1,500	Total – 0

Balance b/d: 3,500

Truck

Debit	Credit
Open – 15,000	
Total – 15,000	Total – 0

Balance b/d: 15,000

Common Stock

Debit	Credit
	Open – 20,000
Total – 0	Total – 20,000

Balance b/d: 20,000

Services

Debit	Credit
	Receivable - 5,200
	Receivable – 4,500
Total – 0	Total – 9,700

Balance b/d: 9,700

Repairs

Debit	Credit
Payable- 850	
Total – 850	Total – 0

Balance b/d: 850

Salaries

Debit	Credit
Cash - 2,700	
Total – 2,700	Total – 0

Balance b/d: 2,700

Utilities

Debit	Credit
Cash - 280	

Total – 280	Total – 0
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Balance b/d: 280

Miscellaneous

Debit	Credit
Cash - 350	
Total – 350	Total – 0

Balance b/d: 350

Dividend

Debit	Credit
Cash - 550	
Total – 550	Total – 0

Balance b/d: 550

4. Trial balance

Particulars	Debit	Credit
Cash	11,620	
Account Receivable	4,200	
Prepaid Rent	1,500	
Supplies	6,850	
Equipment	6,000	
Trucks	15,000	
Accounts Payable		3,500
Common Stock		20,000
Services		9,700
Repairs	850	
Salaries	2,700	
Utilities	280	
Miscellaneous	350	
Dividend	550	
Total	49,930	33,200