

Name: **Solution**

Problem 1c: Accounting Equation: Effects of Transactions

Abiti's Consulting, Inc. engaged in the following transactions in June.

- A. Miguel Abiti invested \$10,000 in Abiti's Consulting, Inc. Miguel received 10,000 shares of \$1 par common stock in return for his investment.
- B. Abiti's Consulting purchased \$400 of supplies on account. No cash was paid for the supplies, but Abiti's Consulting agreed to pay cash within the next 30 days.
- C. Abiti's Consulting provided \$2,000 of consulting services to a customer. The customer did not pay cash for the services, but agreed to pay cash within the next ten days.
- D. Abiti's Consulting paid \$600 to Thomas Bishop for assistance in providing services on the consulting project mentioned in part C above.
- E. Abiti's Consulting paid cash for one-half of the supplies purchased in part B above. The company will pay the remaining amount due next month.
- F. Abiti's Consulting provided \$1,300 of consulting services to a customer who paid cash for the services.
- G. \$1,500 cash was received from the customer mentioned in part C above. The remaining \$500 will be paid by the customer next week.
- H. Abiti's Consulting declared and paid a \$150 cash dividend.
- I. Abiti's Consulting paid the phone bill for \$40 of telephone services used during June.