

Spreadsheet Guide

Step-By-Step Instructions

Reinforcement Problem 3A Determining the Effects of Business Transactions on the Accounting Equation

Complete the Spreadsheet

- Step 1** Read the instructions for Additional Reinforcement Problem 3A in your textbook. This problem involves entering transactions in the accounting equation.
- Step 2** Launch the Spreadsheet Problem.

PROBLEM 3A DETERMINING THE EFFECTS OF BUSINESS TRANSACTIONS ON THE ACCOUNTING EQUATION							
(name)							
(date)							
ASSETS				LIABILITIES		OWNER'S EQUITY	
Transaction	Cash in Bank	Accounts Receivable	Office Furniture	Computer Equipment	Office Equipment =	Accounts Payable +	Pamela Wong, Capital
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS				\$0			
TOTAL LIABILITIES				\$0			
TOTAL OWNER'S EQUITY				\$0			
TOTAL LIABILITIES + OWNER'S EQUITY				\$0			

- Step 3** Type your name and today's date in the cells containing the *(name)* and *(date)* placeholders.
- Step 4** In the first transaction, Ms. Wong, the owner of the business, opened a checking account for the business. Remember from Chapter 2 that two parts of the accounting equation are affected by this transaction: Cash in Bank and Pamela Wong, Capital. Cash in Bank is increasing, and Pamela Wong, Capital, is increasing. To record this transaction in the spreadsheet template, move the cell pointer to cell B12 and type **48000**.



TIP:

Remember, to enter data into the cell, you must first type the data and then press **Enter**. Do *not* type a dollar sign or a comma when you enter the data.

- Step 5** Next, move the cell pointer to cell J12. Type **48000** into cell J12 to record the increase in Pamela Wong, Capital. Do *not* include a dollar sign or a comma as part of the cell entry—the spreadsheet template will automatically format the data when it is entered. Move the cell pointer to cell J24. Notice that the spreadsheet automatically calculates the balance in each account as you enter the data.
- Step 6** To check your work, look at rows 27 through 31 in column D. Total assets equal \$48,000. Total liabilities plus owner’s equity also equal \$48,000. The accounting equation is in balance.
- Step 7** Analyze the remaining transactions in Problem 3A and type the appropriate data into the spreadsheet template.

**TIP:**

To decrease an account balance, precede the amount entered by a minus sign. For example, to decrease **Cash in Bank** by \$1,500, type **-1500** in the Cash in Bank column.

Check the totals at the bottom of the spreadsheet after each transaction has been entered. Remember, total assets should always equal total liabilities plus owner’s equity.

- Step 8** Save the spreadsheet using the **Save** option from the **File** menu. You should accept the default location for the save, as this is handled by the Accounting Management System.
- Step 9** Print the completed spreadsheet.

**TIP:**

If your spreadsheet is too wide to fit on an 8½-inch wide piece of paper, you can change your print settings to print the worksheet *landscape*.

- Step 10** Exit the spreadsheet program.
- Step 11** In the Close Options window, select the location where you would like to save your work.
- Step 12** Complete the Analyze activity from your textbook.

What-If Analysis**TIP:**

Always save your work before performing What-If Analysis. It is not necessary to save your work after performing What-If Analysis unless your teacher instructs you to do so.

If Ms. Wong paid \$550 cash for a new printer for the business, what would the **Cash in Bank** balance be?