

ILLUSTRATIVE PROBLEM

Judy K. Schmidt, M.D., has been practicing as a pediatrician for three years. During June, she completed the following transactions in her practice of pediatrics:

- June 1. Paid office rent for June, \$600.
- 2. Purchased equipment on account, \$2,100.
- 5. Received cash on account from patients, \$4,150.
- 8. Purchased X-ray film and other supplies on account, \$145.
- 9. One of the items of equipment purchased on June 2 was defective. It was returned with the permission of the supplier, who agreed to reduce the account for the amount charged for the item, \$125.
- 12. Paid cash to creditors on account, \$1,250.
- 16. Sold X-ray film to another doctor at cost, receiving cash, \$63. (Record the credit in the supplies account.) *6-months*
- 17. Paid cash for renewal of a 2-year property insurance policy, \$370.
- 20. Discovered that the balances of the cash account and of the accounts payable account as of June 1 were overstated by \$50. A payment of that amount to a creditor in May had not been recorded. Journalize the \$50 payment as of June 20.
- 23. Paid cash for laboratory analyses, \$245.
- 27. Paid cash from business bank account for personal and family expenses, \$1,250.
- 30. Recorded the cash received in payment of services (on a cash basis) to patients during June, \$1,720.
- 30. Paid salaries of receptionist and nurses, \$1,725.
- 30. Paid gas and electricity expense, \$157.
- 30. Paid water expense, \$29.
- 30. Recorded fees charged to patients on account for services performed in June, \$4,145.
- 30. Paid telephone expense, \$74.
- 30. Paid miscellaneous expenses, \$132.

Schmidt's account titles, numbers, and balances as of June 1 (all normal balances) are listed as follows: Cash, 11, \$3,123; Accounts Receivable, 12, \$6,725; ~~Supplies, 13, \$200~~ ~~Prepaid Insurance, 14, \$360~~; Equipment, 18, \$19,745; Accounts Payable, 22, \$765; Judy K. Schmidt, Capital, 31, \$29,483; Judy K. Schmidt, Drawing, 32; Professional Fees, 41; Salary Expense, 51; Rent Expense, 53; Laboratory Expense, 55; Utilities Expense, 56; Miscellaneous Expense, 59.

Retained earnings: (\$655)

DATE	DESCRIPTION	Post. REF.	DEBIT	CREDIT
1				1
2				2
3				3
4				4
5				5
6				6
7				7
8				8
9				9
10				10
11				11
12				12
13				13
14				14
15				15
16				16
17				17
18				18
19				19
20				20
21				21
22				22
23				23
24				24
25				25
26				26
27				27
28				28
29				29
30				30
31				31
32				32
33				33
34				34
35				35
36				36
37				37

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
19 June				
1	Rent Expense	53	6 0 0 00	
2	Cash	11		6 0 0 00
3				
4	Equipment	18	2 1 0 0 00	
5	Accounts Payable	22		2 1 0 0 00
6				
7	Cash	11	4 1 5 0 00	
8	Accounts Receivable	12		4 1 5 0 00
9				
10	Supplies	13	1 4 5 0 00	
11	Accounts Payable	22		1 4 5 0 00
12				
13	Accounts Payable	22	1 2 5 0 00	
14	Equipment	18		1 2 5 0 00
15				
16	Accounts Payable	22	1 2 5 0 00	
17	Cash	11		1 2 5 0 00
18				
19	Cash	11	6 3 0 00	
20	Supplies	13		6 3 0 00
21				
22	Prepaid Insurance	14	3 7 0 00	
23	Cash	11		3 7 0 00
24				
25	Accounts Payable	22	5 0 0 00	
26	Cash	11		5 0 0 00
27				
28	Laboratory Expense (outside svc)	55	2 4 5 0 00	
29	Cash	11		2 4 5 0 00
30				
31	Judy K. Schmidt, President Dividend	32	1 2 5 0 00	
32	Cash	11		1 2 5 0 00
33				
34	Cash	11	1 7 2 0 00	
35	Professional Fees	41		1 7 2 0 00
36				

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
1				
2	Salary Expense	51	1 7 2 5 00	
3	Cash	11		1 7 2 5 00
4				
5	Utilities Expense	56	1 5 7 0 00	
6	Cash	11		1 5 7 0 00
7				
8	Utilities Expense	56	2 9 0 00	
9	Cash	11		2 9 0 00
10				
11	Accounts Receivable	12	4 1 4 5 00	
12	Professional Fees	41		4 1 4 5 00
13				
14	Utilities Expense	56	1 7 4 0 00	
15	Cash	11		1 7 4 0 00
16				
17	Miscellaneous Expense	59	1 3 2 0 00	
18	Cash	11		1 3 2 0 00