

Instructional Scenario

Analyzing Transactions Through the Use of "T" Accounts

Course/Duty Area: Accounting / Understanding Businesses

Scenario: LoCo Window Tinting is a small business (sole proprietorship) that offers professional window tinting services for cars, homes, and offices. The company has been in business for six months, and the owner, Corey Nail, is learning how to use T-accounts to track the company's financial transactions.

Big Question: How do transactions affect the accounting equation?

Focused Questions:

- Which accounts are affected?
- How is each account classified?
- How is each classification changed?
- How is each amount entered in the account?

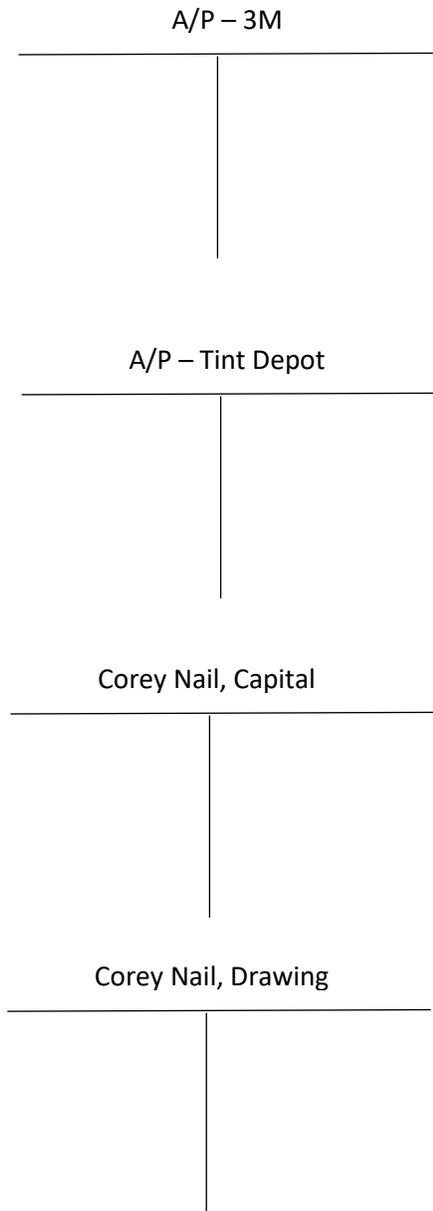
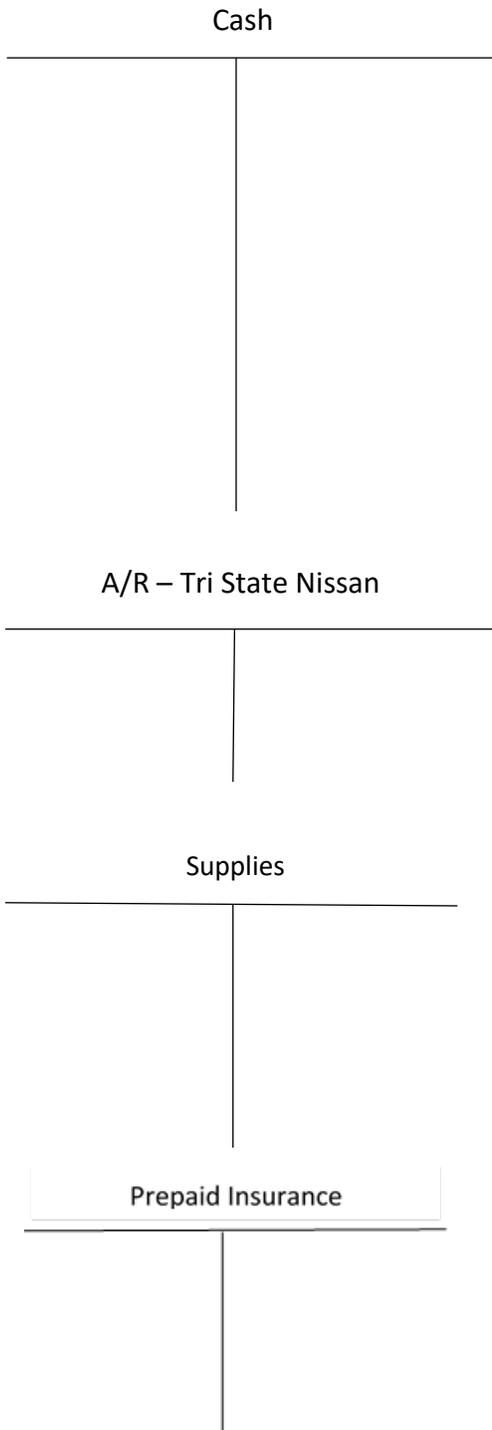
Student Project or Outcome: Students analyze transactions into debit/credit parts and enter the information into their respective "T" account.

Project-Based Assessment: Analyze each transaction into its debit and credit parts. Enter the debit and credit amounts in the proper T accounts to show how each transaction changes account balances. Enter the date of the transactions before each amount.

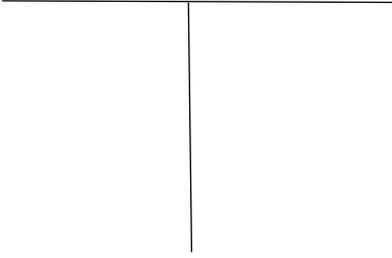
Chart of Accounts: Cash
Accounts Receivable –
 Tri State Nissan Supplies
 Prepaid Insurance
Accounts Payable –
 3M
 Tint Depot
Corey Nail, Capital
Corey Nail, Drawing
Sales
Advertising Expense
Rent Expense
Utilities Expense

- July 1. The owner deposited \$10,000 in a checking account as an investment in the business.
2. Purchased supplies on account from Tint Depot, \$500.
4. Paid cash for a 12-month insurance policy, \$1,300.
5. Purchased billboard space to advertise the business, \$300 cash.
7. Provided services to Tri State Nissan, who agreed to pay \$1,000 at a later date.
8. Paid \$500 for monthly rent.
9. Received cash from sales, \$800.

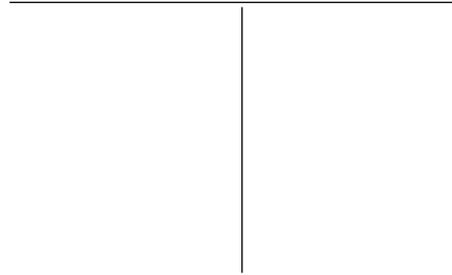
- 11. Paid cash to Tint Depot, \$250.
- 12. Paid cash for supplies, \$100.
- 13. Paid cash for cell phone bill, \$65.
- 14. Received cash from Tri State Nissan, \$700.
- 15. Purchased supplies on account from 3M, \$675.
- 15. Received cash from sales, \$325.
- 16. Paid cash to Tint Depot, \$500.
- 20. Owner withdrew cash for personal use, \$1,000.



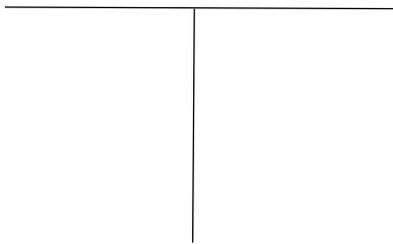
Sales



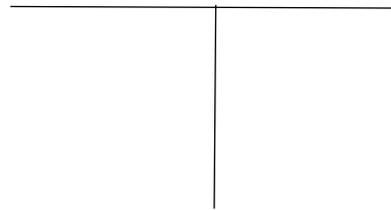
Rent Expense



Advertising Expense



Utilities Expense



Scenario submitted by Amy Strosnider, Sherando High School, Frederick County Public Schools