To help you better understand Handout #1, I have provided you with the incorrect trial balance.

Incorrect Trial Balance

	Debit	Credit
Cash		3,240
A/R	2,500	
Supplies	1,900	
Equipment	5,700	
A/P		2,450
Unearned Revenue	2,500	
Common Stock		5,000
Retained Earnings		2,000
Service Revenue		4,545
Salaries Expense	2,400	
Office Expense	1,060	
	$16,060	$17,235

The corrected trial balance is presented on the next page. Don't view it until you have corrected the balances on your own using the facts in Handout #1.

Corrected Trial Balance

	Debit	Credit
Cash	2,120	
A/R	2,320	
Supplies	400	
Equipment	7,200	
A/P		1,784
Unearned Revenue		1,775
Common Stock		5,000
Retained Earnings		2,000
Dividends	1,000	
Service Revenue		5,891
Salaries Expense	2,350	
Office Expense	1,060	
	$16,450	$16,450

See next page for detail

Account	Incorrect Trial Balance Dr.	Incorrect Trial Balance Cr.	Item	Dr. Column	Cr. Column	Corrected Trial Balance Dr.	Corrected Trial Balance Cr.
Cash		3,240	(1)	+3,240	-3,240	2,120	
			(3)	+180			
			(6)	-1,300			
Accounts Receivable	2,500		(3)	-180		2,320	
Supplies	1,900		(4)	-1,500		400	
Equipment	5,700		(4)	+1,500		7,200	
Accounts Payable		2,450	(9)		-666		1,784
Unearned Revenue	2,500		(2)	-2,500	+2,500		1,775
			(7)		-725		
Common Stock		5,000					5,000
Retained Earnings		2,000					2,000
Dividends			(10)	+1,000		1,000	
Service Revenue		4,545	(5)		+621		5,891
			(7)		+725		
Salaries Expense	2,400		(8)	+950		2,350	
			(10)	-1,000			
Office Expense	1,060					1,060	
	$16,060	$17,235				$16,450	$16,450