

The company is called ABC Co. All of the company's accounting work has been completed through the end of November and its ledgers show November 30, 2001 balances. The terms of all credit sales are 2/10, n/30. During the final month of the year you record the following transactions:

- Dec 1 Issued cheque 801 to Property Management in payment of the Dec rent, \$3,000. Use two lines to record this transaction. Charge 80% of the rent to Rent Expense – Selling Space and the rest to Rent Expense – Office Space.
- Dec 2 Sold merchandise on credit to Ender Co. on invoice 451 for \$5,000. Cost \$2,500.
- Dec 2 Issued a \$300 credit memorandum 301 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
- Dec 3 Received an \$500 credit memorandum P66 from Panda Co. for merchandise we received on November 29 and we returned for credit.
- Dec 4 Purchased on credit from Tacid Co. merchandise \$39,000, store supplies \$300, and office supplies \$60. Invoice T12, terms n/10, EOM.
- Dec 5 Received full payment from Noric Co. (less the return and discount). Receipt 110.
- Dec 8 Issued cheque 802 to Panda Co. in full payment of account (less the return and the 2% discount)
- Dec 9 Sold store supplies to the merchant next door at cost for cash, \$100.
- Dec 10 Purchase office equipment on credit from Tacid Co, invoice T16, terms n/10, EOM, \$6,000.
- Dec 11 Received full payment from Ender Co. (less the discount). Receipt 111
- Dec 11 Received merchandise and an invoice G212, terms 2/10, n/30, from Gander Co., \$8,000
- Dec 12 Received an \$900 credit memorandum T24 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
- Dec 15 Issued cheque 803, payable to Payroll, in payment of sales salaries for \$3,500 and office salaries for \$1,500.
- Dec 15 Cash sales for the first half of the month were \$58,000 with cost of \$29,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 452 for \$6,000. Cost \$3,000.
- Dec 17 Received merchandise and an invoice C214, terms 2/10, n/60 from Central Co., \$16,000.
- Dec 19 Issued cheque 804 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 453 for \$6,000. Cost \$3,000.
- Dec 23 Issued cheque 805 to Central Co. in full payment of account (less the discount).
- Dec 24 Purchased on credit from Tacid Co. merchandise for \$9,000, store supplies for \$700 and office supplies for \$400. Invoice T32, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P89, terms 2/10, n/30 from Panda Co. for \$4,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 454 for \$13,000. Cost \$6,500.
- Dec 26 Issued cheque 806 to Hydro Co. in payment of the November electric bill, \$1,100.
- Dec 29 The owner, Tom Smith, withdrew \$6,000 from the business for personal use. Cheque 807.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 112
- Dec 30 Issued cheque 808, payable to Payroll, in payment of sales salaries for \$3,500 and office salaries for \$1,500.
- Dec 31 Cash sales for the last half of the month were \$56,000 with cost of \$28,000

Required:

1. Complete the attached Sales Journal, Purchase Journal, Cash Receipts Journal, Cash Disbursements Journal and General Journal posting to the Subledgers (if applicable) when entered on the journals.
2. Foot and cross-foot the appropriate journals.
3. Post the journals to the General Ledger cards.

4. Begin the Worksheet by putting the ending balance of the General Ledger cards in the Unadjusted Trial Balance columns.
5. Journalizing the following period end adjustments.
(DO NOT POST THE ADJUSTMENTS TO THE GENERAL LEDGER)
 - a) Expired insurance, \$800.
 - b) Ending store supplies inventory, \$2,200.
 - c) Ending office supplies inventory, \$100.
 - d) Estimated amortization of store equipment, \$900.
 - e) Estimated amortization of office equipment, \$600.
 - f) Ending merchandise inventory, \$221,000
6. Complete the worksheet

SALES JOURNAL – Page 1

Date	Account Debited	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
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				=====	=====

PURCHASES JOURNAL – Page 2

Date	Account Credited	Invoice #	Terms	P.R.	A/P - CR	Inventory - DR	Office Supplies - DR	Other Accounts – DR	Description
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					=====	=====	=====	=====	

CASH RECEIPTS JOURNAL – Page 3

[illegible]**CASH DISBURSEMENTS JOURNAL – Page 4**[illegible]

RECEIVABLE LEDGER

Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

PAYABLE LEDGER

Central Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

GENERAL LEDGER

CASH

1010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000

ACCOUNTS RECEIVABLE

1060

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				4,000

INVENTORY

1190

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				220,000

STORE SUPPLIES

1240

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				2,500

OFFICE SUPPLIES

1250

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450

PREPAID INSURANCE

1280

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000

STORE EQUIPMENT**1630**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				39,000

ACCUMULATED AMORTIZATION – STORE EQUIPMENT**1631**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				18,000

OFFICE EQUIPMENT**1650**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000

ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT**1651**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900

ACCOUNTS PAYABLE**2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000

TOM SMITH - CAPITAL**3020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050

TOM SMITH - WITHDRAWALS**3030**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES**4130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES RETURNS & ALLOWANCES**4140**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES DISCOUNTS**4150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

COST OF SALES**5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

AMORTIZATION EXPENSE – STORE EQUIPMENT**5120**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

AMORTIZATION EXPENSE – OFFICE EQUIPMENT**5130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES SALARIES EXPENSE**5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

OFFICE SALARIES EXPENSE**5210**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

INSURANCE EXPENSE**5370**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

RENT EXPENSE – SELLING SPACE**5410**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

RENT EXPENSE – OFFICE SPACE**5420**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

STORE SUPPLIES EXPENSE**5500**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

OFFICE SUPPLIES EXPENSE**5510**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

UTILITIES EXPENSE**5900**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

INCOME SUMMARY**5998**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

ACCOUNT TITLES	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash								
A/R								
Inventory								
Store Supp								
Office Supp								
Prepaid Ins								
Store Equip								
Acc Amort.								
Office Equip								
Acc Amort.								
A/P								
Capital								
Withdrawal								
Sale								
Sale Return								
Sale Disc.								
Cost of Sale								
Amort-Store								
Amort-Off.								
Sale Salaries								
Off. Salaries								
Insurance								
Rent Selling								
Rent Office								
Store Supp								
Off. Supp.								
Utilities								
	-----	-----	-----	-----	-----	-----	-----	-----
Totals								
Net Income	=====	=====	=====	=====				
					-----	-----	-----	-----
Totals								
					=====	=====	=====	=====

ANSWERS:**GENERAL JOURNAL (G5)**

DATE	ACCOUNT	PR	DEBIT	CREDIT
Dec 2	Sales Returns	4140	300	
	Accounts Receivable – Noric Co.	1060 / ✓		300
	Explain: Credit Memo 301			
Dec 3	Accounts Payable – Panda Co.	2010 / ✓	500	
	Inventory	1190		500
	Explain: Credit Memo P66			
Dec 12	Accounts Payable – Tacid Co.	2010 / ✓	900	
	Office Equipment	1650		900
	Explain: Credit Memo T24			

PERIOD END ADJUSTMENTS

ADJ#	ACCOUNT	PR	DEBIT	CREDIT
a)	Insurance Expense		800	
	Prepaid Insurance			800
	Explain: Record expired insurance			
b)	Store Supplies Expense		1,200	
	Store Supplies			1,200
	Explain: Record used supplies			
c)	Office Supplies Expense		810	
	Office Supplies			810
	Explain: Record used supplies			
d)	Amortization – Store Equipment		900	
	Acc. Amort. – Store Equipment			900
	Explain: Record amortization			
e)	Amortization – Office Equipment		600	
	Acc. Amort. – Office Equipment			600
	Explain: Record amortization			
f)	Cost of Sales		1,890	
	Inventory			1,890
	Explain: Adjust inventory to actual			

SALES JOURNAL – Page 1

Date	Account Debited	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
Dec 2	Ender Co.	451	√	5,000	2,500
Dec 16	Ender Co.	452	√	6,000	3,000
Dec 22	Oyster Co.	453	√	6,000	3,000
Dec 26	Dale Co.	454	√	13,000	6,500
				-----	-----
				30,000	15,000
				=====	=====
				(1060 / 4130)	(5020 / 1190)

PURCHASES JOURNAL – Page 2

Date	Account Credited	Invoice #	Terms	P.R.	A/P - CR	Inventory - DR	Office Supplies - DR	Other Accounts – DR	Description
Dec 4	Tacid Co.	T12	N/10,EOM	√/1240	39,360	39,000	60	300	Store supp.
Dec 10	Tacid Co.	T16	N/10,EOM	√/1650	6,000			6,000	Office Equip
Dec 11	Gander Co.	G212	2/10,n/30	√	8,000	8,000			
Dec 17	Central Co.	C214	2/10,n/60	√	16,000	16,000			
Dec 24	Tacid Co.	T32	N/10,EOM	√/1240	10,100	9,000	400	700	Store supp.
Dec 25	Panda Co.	P89	2/10,n/30	√	4,000	4,000			
					-----	-----	-----	-----	
					83,460	76,000	460	7,000	
					=====	=====	=====	=====	
					(2010)	(1190)	(1250)	(√)	

CASH RECEIPTS JOURNAL – Page 3

Date	Account Credited	Explanation	P.R.	Cash DR	Sales Discount DR	A/R CR	Sales CR	Other Accts. CR	Cost of Sales – DR Inventory - CR
Dec 5	Noric Co.	R110	√	3,626	74	3,700			
Dec 9	Store Supplies	Neighbour	1240	100				100	
Dec 11	Ender Co.	R111	√	4,900	100	5,000			
Dec 15	Sales	Cash Sales		58,000			58,000		29,000
Dec 30	Oyster Co.	R112	√	5,880	120	6,000			
Dec 31	Sales	Cash Sales		56,000			56,000		28,000
				-----	-----	-----	-----	-----	-----
				128,506	294	14,700	114,000	100	57,000
				=====	=====	=====	=====	=====	=====
				(1010)	(4150)	(1060)	(4130)	(√)	(1190/5020)

CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P DR
Dec 1	801	Property Management	Rent-Selling	5410	3,000		2,400	
			Rent-Office	5420			600	
Dec 8	802	Panda Co.		√	6,370	130		6,500
Dec 15	803	Payroll	Sales Salaries	5200	5,000		3,500	
			Office Salaries	5210			1,500	
Dec 19	804	Gander Co.		√	7,840	160		8,000
Dec 23	805	Central Co.		√	15,680	320		16,000
Dec 26	806	Hydro Co.	Utilities	5900	1,100		1,100	
Dec 29	207	Tom Smith	Withdrawals	3030	6,000		6,000	
Dec 30	208	Payroll	Sales Salaries	5200	5,000		3,500	
			Office Salaries	5210			1,500	
					-----	-----	-----	-----
					49,990	610	20,100	30,500
					=====	=====	=====	=====
					(1010)	(1190)	(√)	(2010)

RECEIVABLE LEDGER

Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 451	S1	5,000		5,000
Dec 11	Receipt 111	R3		5,000	0
Dec 16	Invoice 452	S1	6,000		6,000

Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 2	Credit Memo 301	G5		300	3,700
Dec 5	Receipt 110	R3		3,700	0

Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 453	S1	6,000		6,000
Dec 30	Receipt 112	R3		6,000	0

Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 454	S1	13,000		13,000

PAYABLE LEDGER

Central Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C214	P2		16,000	16,000
Dec 23	Cheque 805	D4	16,000		0

Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G212	P2		8,000	8,000
Dec 19	Cheque 804	D4	8,000		0

Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 3	Credit Memo P66	G5	500		6,500
Dec 8	Cheque 802	D4	6,500		0
Dec 25	Invoice P89	P2		4,000	4,000

Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T12	P2		39,360	39,360
Dec 10	Invoice T16	P2		6,000	45,360
Dec 12	Credit Memo T24	G5	900		44,460
Dec 24	Invoice T32	P2		10,100	54,560

GENERAL LEDGER

CASH

1010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000
Dec 31		R3	128,506		178,506
Dec 31		D4		49,990	128,516

ACCOUNTS RECEIVABLE

1060

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				4,000
Dec 31		S1	30,000		34,000
Dec 31		R3		14,700	19,300
Dec 31		G5		300	19,000

INVENTORY

1190

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				220,000
Dec 31		S1		15,000	205,000
Dec 31		P2	76,000		281,000
Dec 31		R3		57,000	224,000
Dec 31		D4		610	223,390
Dec 31		G5		500	222,890

STORE SUPPLIES

1240

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				2,500
Dec 31		P2	300		2,800
Dec 31		P2	700		3,500
Dec 31		R3		100	3,400

OFFICE SUPPLIES

1250

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450
Dec 31		P2	460		910

PREPAID INSURANCE

1280

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000

STORE EQUIPMENT**1630**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				39,000

ACCUMULATED AMORTIZATION – STORE EQUIPMENT**1631**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				18,000

OFFICE EQUIPMENT**1650**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000
Dec 31		P2	6,000		29,000
Dec 31		G5		900	28,100

ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT**1651**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900

ACCOUNTS PAYABLE**2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000
Dec 31		P2		83,460	90,460
Dec 31		D4	30,500		59,960
Dec 31		G5	500		59,460
Dec 31		G5	900		58,560

TOM SMITH - CAPITAL**3020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050

TOM SMITH - WITHDRAWALS**3030**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	6,000		6,000

SALES**4130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1		30,000	30,000
Dec 31		R3		114,000	144,000

SALES RETURNS & ALLOWANCES**4140**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	300		300

SALES DISCOUNTS**4150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		R3	294		294

COST OF SALES**5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1	15,000		15,000
Dec 31		R3	57,000		72,000

AMORTIZATION EXPENSE – STORE EQUIPMENT**5120**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

AMORTIZATION EXPENSE – OFFICE EQUIPMENT**5130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

SALES SALARIES EXPENSE**5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	3,500		3,500
Dec 31		D4	3,500		7,000

OFFICE SALARIES EXPENSE**5210**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,500		1,500
Dec 31		D4	1,500		3,000

INSURANCE EXPENSE**5370**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

RENT EXPENSE – SELLING SPACE**5410**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	2,400		2,400

RENT EXPENSE – OFFICE SPACE**5420**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	600		600

STORE SUPPLIES EXPENSE**5500**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

OFFICE SUPPLIES EXPENSE**5510**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

UTILITIES EXPENSE**5900**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,100		1,100

INCOME SUMMARY**5998**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE

COMPREHENSIVE PROBLEM - C3

Page 21 of 21

ACCOUNT TITLES	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	128,516						128,516	
A/R	19,000						19,000	
Inventory	222,890		f)	1,890			221,000	
Store Supp	3,400		b)	1,200			2,200	
Office Supp	910		c)	810			100	
Prepaid Ins	3,000		a)	800			2,200	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	900				18,900
Office Equip	28,100						28,100	
Acc Amort		9,900	e)	600				10,500
A/P		58,560						58,560
Capital		307,050						307,050
Withdrawal	6,000						6,000	
Sale		144,000				144,000		
Sale Return	300				300			
Sale Disc.	294				294			
Cost of Sale	72,000		1,890	f)	73,890			
Amort-Store			900	d)	900			
Amort-Off.			600	e)	600			
Sale Salaries	7,000				7,000			
Off. Salaries	3,000				3,000			
Insurance			800	a)	800			
Rent Selling	2,400				2,400			
Rent Office	600				600			
Store Supp			1,200	b)	1,200			
Off. Supp.			810	c)	810			
Utilities	1,100				1,100			
	-----	-----	-----	-----	-----	-----	-----	-----
Totals	537,510	537,510	6,200	6,200	92,894	144,000	446,116	395,010
Net Income	=====	=====	=====	=====	51,106			51,106
Totals					144,000	144,000	446,116	446,116