

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 501 to Property Management in payment of the Dec rent, \$3,700. 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 7601 for \$6,000. Cost \$3,000.
  
- Dec 2      Issued a \$200 credit memorandum 201 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
  
- Dec 3      Received an \$800 credit memorandum P720 from Panda Co. for merchandise we received on November 29 and we returned for credit.
  
- Dec 4      Purchased on credit from Tacid Co. merchandise \$38,000, store supplies \$500, and office supplies \$80. Invoice T64, terms n/10, EOM.
  
- Dec 5      Received full payment from Noric Co. (less the return and discount). Receipt 220.
  
- Dec 8      Issued cheque 502 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, \$300.
  
- Dec 10     Purchase office equipment on credit from Tacid Co, invoice T73, terms n/10, EOM, \$4,000.
  
- Dec 11     Received full payment from Ender Co. (less the discount). Receipt 221
  
- Dec 11     Received merchandise and an invoice G93, terms 2/10, n/30, from Gander Co., \$9,000
  
- Dec 12     Received an \$800 credit memorandum T104 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
  
- Dec 15     Issued cheque 503, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
  
- Dec 15     Cash sales for the first half of the month were \$60,000 with cost of \$30,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 7602 for \$4,000. Cost \$2,000.
- Dec 17 Received merchandise and an invoice C926, terms 2/10, n/60 from Central Co., \$14,000.
- Dec 19 Issued cheque 504 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 7603 for \$7,000. Cost \$3,500.
- Dec 23 Issued cheque 505 to Central Co. in full payment of account (less the discount).
- Dec 24 Purchased on credit from Tacid Co. merchandise for \$8,000, store supplies for \$600 and office supplies for \$300. Invoice T126, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P984, terms 2/10, n/30 from Panda Co. for \$3,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 7604 for \$14,000. Cost \$7,000.
- Dec 26 Issued cheque 506 to Hydro Co. in payment of the November electric bill, \$1,200.
- Dec 29 The owner, Tom Smith, withdrew \$8,000 from the business for personal use. Cheque 507.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 222
- Dec 30 Issued cheque 508, payable to Payroll, in payment of sales salaries for \$5,000 and office salaries for \$3,000.
- Dec 31 Cash sales for the last half of the month were \$66,000 with cost of \$33,000

**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.
  - a) Expired insurance, \$500.
  - b) Ending store supplies inventory, \$2,600.
  - c) Ending office supplies inventory, \$500.
  - d) Estimated amortization of store equipment, \$560.
  - e) Estimated amortization of office equipment, \$330.
  - f) Ending merchandise inventory, \$210,000
6. Complete the worksheet
7. From the Worksheet, prepare an Income Statement, Statement of Change in Owner Equity and Balance Sheet. (Assume that there were no new Owner Investments during the year.)
8. From the Worksheet, journalize the year-end closing entries.
9. Post the period end adjustments and closing entries to the General Ledger cards
10. From the General Ledger cards, prepare a Post-Closing Trial Balance and an Accounts Receivable Schedule and an Accounts Payable Schedule.





## SALES JOURNAL – Page 1

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

## PURCHASES JOURNAL – Page 2

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

**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**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

**RENT EXPENSE – OFFICE SPACE****5420**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

**STORE SUPPLIES EXPENSE****5500**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

**OFFICE SUPPLIES EXPENSE****5510**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

**UTILITIES EXPENSE****5900**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

**INCOME SUMMARY****5998**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>

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								
					=====	=====	=====	=====

**ABC Co.**  
**Income Statement**  
**For Year Ended December 31, 2001**

Gross Sales			
Less: Sales Returns			
Sales Discounts			
		-----	-----
Net Sales			
Cost of Sales			
			-----
Gross Profit			
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment			
Sales Salaries			
Rent – Selling Space			
Store Supplies			
	-----		
Total Selling Expenses			
General & Administrative Expenses:			
Amortization – Office Equipment			
Office Salaries			
Insurance			
Rent – Office Space			
Office Supplies			
Utilities			
	-----		
Total General & Administrative Expenses			
		-----	
Total Operating Expenses			
			-----
Income from Operations			
			=====

**ABC Co.**  
**Statement of Change in Owner's Equity**  
**For Year Ended December 31, 2001**

Tom Smith Capital – Dec 1, 2001	
Plus: Net Income	
	-----
Less: Tom Smith Withdrawals	
	-----
Tom Smith Capital – Dec 31, 2001	
	=====

**ABC Co.**  
**Balance Sheet**  
**December 31, 2001**

<b>ASSETS:</b>			
Current Assets:			
Cash			
Accounts Receivable			
Inventory			
Store Supplies			
Office Supplies			
Prepaid Insurance			
		-----	
Total Current Assets			
Capital Assets:			
Store Equipment			
Less: Accumulated Amortization			
	-----		
Office Equipment			
Less: Accumulated Amortization			
	-----	-----	
Total Capital Assets			
			-----
<b>TOTAL ASSETS</b>			=====
<b>LIABILITIES:</b>			
Accounts Payable			
<b>EQUITY:</b>			
Tom Smith Capital – Dec 31, 2001			
			-----
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>			=====





**ANSWERS:****GENERAL JOURNAL (G5)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Dec 2	Sales Returns	4140	200	
	Accounts Receivable – Noric Co.	1060 / ✓		200
	Explain: Credit Memo 201			
Dec 3	Accounts Payable – Panda Co.	2010 / ✓	800	
	Inventory	1190		800
	Explain: Credit Memo P720			
Dec 12	Accounts Payable – Tacid Co.	2010 / ✓	800	
	Office Equipment	1650		800
	Explain: Credit Memo T104			

**PERIOD END ADJUSTMENTS**

<b>ADJ#</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
a)	Insurance Expense	5370	500	
	Prepaid Insurance	1280		500
	Explain: Record expired insurance			
b)	Store Supplies Expense	5500	700	
	Store Supplies	1240		700
	Explain: Record used supplies			
c)	Office Supplies Expense	5510	330	
	Office Supplies	1250		330
	Explain: Record used supplies			
d)	Amortization – Store Equipment	5120	560	
	Acc. Amort. – Store Equipment	1631		560
	Explain: Record amortization			
e)	Amortization – Office Equipment	5130	330	
	Acc. Amort. – Office Equipment	1651		330
	Explain: Record amortization			
f)	Cost of Sales	5020	2,116	
	Inventory	1190		2,116
	Explain: Adjust inventory to actual			

**CLOSING ENTRIES****GENERAL JOURNAL (G6)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Dec 31	Sales	4130	157,000	
	Sales Returns	4140		200
	Sales Discounts	4150		336
	Income Summary	5998		156,464
	Explain: Close revenue accounts			
Dec 31	Income Summary	5998	103,936	
	Cost of Sales	5020		80,616
	Amortization – Store Equipment	5120		560
	Amortization – Office Equipment	5130		330
	Sales Salaries	5200		10,000
	Office Salaries	5210		6,000
	Insurance	5370		500
	Rent – Selling Space	5410		2,960
	Rent – Office Space	5420		740
	Store Supplies	5500		700
	Office Supplies	5510		330
	Utilities	5900		1,200
	Explain: Close expense accounts			
Dec 31	Income Summary	5998	52,528	
	Tom Smith, Capital	3020		52,528
	Explain: Close Income Summary			
Dec 31	Tom Smith, Capital	3020	8,000	
	Tom Smith, Withdrawals	3030		8,000
	Explain: Close Owner Withdrawals			

## 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.	7601	√	6,000	3,000
Dec 16	Ender Co.	7602	√	4,000	2,000
Dec 22	Oyster Co.	7603	√	7,000	3,500
Dec 26	Dale Co.	7604	√	14,000	7,000
				-----	-----
				31,000	15,500
				=====	=====
				(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.	T64	N/10,EOM	√/1240	38,580	38,000	80	500	Store supp.
Dec 10	Tacid Co.	T73	N/10,EOM	√/1650	4,000			4,000	Office Equip
Dec 11	Gander Co.	G93	2/10,n/30	√	9,000	9,000			
Dec 17	Central Co.	C926	2/10,n/60	√	14,000	14,000			
Dec 24	Tacid Co.	T126	N/10,EOM	√/1240	8,900	8,000	300	600	Store supp.
Dec 25	Panda Co.	P984	2/10,n/30	√	3,000	3,000			
					-----	-----	-----	-----	
					77,480	72,000	380	5,100	
					=====	=====	=====	=====	
					(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.	R220	√	3,724	76	3,800			
Dec 9	Store Supplies	Neighbour	1240	300				300	
Dec 11	Ender Co.	R221	√	5,880	120	6,000			
Dec 15	Sales	Cash Sales		60,000			60,000		30,000
Dec 30	Oyster Co.	R222	√	6,860	140	7,000			
Dec 31	Sales	Cash Sales		66,000			66,000		33,000
				-----	-----	-----	-----	-----	-----
				142,764	336	16,800	126,000	300	63,000
				=====	=====	=====	=====	=====	=====
				(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	501	Property Management	Rent-Selling	5410	3,700		2,960	
			Rent-Office	5420			740	
Dec 8	502	Panda Co.		√	6,076	124		6,200
Dec 15	503	Payroll	Sales Salaries	5200	8,000		5,000	
			Office Salaries	5210			3,000	
Dec 19	504	Gander Co.		√	8,820	180		9,000
Dec 23	505	Central Co.		√	13,720	280		14,000
Dec 26	506	Hydro Co.	Utilities	5900	1,200		1,200	
Dec 29	507	Tom Smith	Withdrawals	3030	8,000		8,000	
Dec 30	508	Payroll	Sales Salaries	5200	8,000		5,000	
			Office Salaries	5210			3,000	
					-----	-----	-----	-----
					57,516	584	28,900	29,200
					=====	=====	=====	=====
					(1010)	(1190)	(√)	(2010)

## RECEIVABLE LEDGER

## Ender Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 7601	S1	6,000		6,000
Dec 11	Receipt 221	R3		6,000	0
Dec 16	Invoice 7602	S1	4,000		4,000

## Noric Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 2	Credit Memo 201	G5		200	3,800
Dec 5	Receipt 220	R3		3,800	0

## Oyster Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 7603	S1	7,000		7,000
Dec 30	Receipt 222	R3		7,000	0

## Dale Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 7604	S1	14,000		14,000

## PAYABLE LEDGER

## Central Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C926	P2		14,000	14,000
Dec 23	Cheque 505	D4	14,000		0

## Gander Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G93	P2		9,000	9,000
Dec 19	Cheque 504	D4	9,000		0

## Panda Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 3	Credit Memo P720	G5	800		6,200
Dec 8	Cheque 502	D4	6,200		0
Dec 25	Invoice P984	P2		3,000	3,000

## Tacid Co.

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T64	P2		38,580	38,580
Dec 10	Invoice T73	P2		4,000	42,580
Dec 12	Credit Memo T104	G5	800		41,780
Dec 24	Invoice T126	P2		8,900	50,680

**GENERAL LEDGER****CASH****1010**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				50,000
Dec 31		R3	142,764		192,764
Dec 31		D4		57,516	135,248

**ACCOUNTS RECEIVABLE****1060**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				4,000
Dec 31		S1	31,000		35,000
Dec 31		R3		16,800	18,200
Dec 31		G5		200	18,000

**INVENTORY****1190**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				220,000
Dec 31		S1		15,500	204,500
Dec 31		P2	72,000		276,500
Dec 31		R3		63,000	213,500
Dec 31		D4		584	212,916
Dec 31		G5		800	212,116
Dec 31		G5		2,116	210,000

**STORE SUPPLIES****1240**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				2,500
Dec 31		P2	500		3,000
Dec 31		P2	600		3,600
Dec 31		R3		300	3,300
Dec 31		G5		700	2,600

**OFFICE SUPPLIES****1250**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				450
Dec 31		P2	380		830
Dec 31		G5		330	500

**PREPAID INSURANCE****1280**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 30	Balance forward				3,000
Dec 31		G5		500	2,500

**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
Dec 31		G5		560	18,560

**OFFICE EQUIPMENT****1650**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000
Dec 31		P2	4,000		27,000
Dec 31		G5		800	26,200

**ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT****1651**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900
Dec 31		G5		330	10,230

**ACCOUNTS PAYABLE****2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000
Dec 31		P2		77,480	84,480
Dec 31		D4	29,200		55,280
Dec 31		G5	800		54,480
Dec 31		G5	800		53,680

**TOM SMITH - CAPITAL****3020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050
Dec 31		G6		52,528	359,578
Dec 31		G6	8,000		351,578

**TOM SMITH - WITHDRAWALS****3030**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	8,000		8,000
Dec 31		G6		8,000	0

**SALES****4130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1		31,000	31,000
Dec 31		R3		126,000	157,000
Dec 31		G6	157,000		0

**SALES RETURNS & ALLOWANCES****4140**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	200		200
Dec 31		G6		200	0

**SALES DISCOUNTS****4150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		R3	336		336
Dec 31		G6		336	0

**COST OF SALES****5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1	15,500		15,500
Dec 31		R3	63,000		78,500
Dec 31		G5	2,116		80,616
Dec 31		G6		80,616	0

**AMORTIZATION EXPENSE – STORE EQUIPMENT****5120**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	560		560
Dec 31		G6		560	0

**AMORTIZATION EXPENSE – OFFICE EQUIPMENT****5130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	330		330
Dec 31		G6		330	0

**SALES SALARIES EXPENSE****5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	5,000		5,000
Dec 31		D4	5,000		10,000
Dec 31		G6		10,000	0

**OFFICE SALARIES EXPENSE****5210**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	3,000		3,000
Dec 31		D4	3,000		6,000
Dec 31		G6		6,000	0

**INSURANCE EXPENSE****5370**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	500		500
Dec 31		G6		500	0



**RENT EXPENSE – SELLING SPACE****5410**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	2,960		2,960
Dec 31		G6		2,960	0

**RENT EXPENSE – OFFICE SPACE****5420**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	740		740
Dec 31		G6		740	0

**STORE SUPPLIES EXPENSE****5500**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	700		700
Dec 31		G6		700	0

**OFFICE SUPPLIES EXPENSE****5510**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	330		330
Dec 31		G6		330	0

**UTILITIES EXPENSE****5900**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,200		1,200
Dec 31		G6		1,200	0

**INCOME SUMMARY****5998**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G6		156,464	156,464
Dec 31		G6	103,936		52,528
Dec 31		G6	52,528		0

ACCOUNT TITLES	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	135,248						135,248	
A/R	18,000						18,000	
Inventory	212,116		f)	2,116			210,000	
Store Supp	3,300		b)	700			2,600	
Office Supp	830		c)	330			500	
Prepaid Ins	3,000		a)	500			2,500	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	560				18,560
Office Equip	26,200						26,200	
Acc Amort		9,900	e)	330				10,230
A/P		53,680						53,680
Capital		307,050						307,050
Withdrawal	8,000						8,000	
Sale		157,000				157,000		
Sale Return	200				200			
Sale Disc.	336				336			
Cost of Sale	78,500		2,116	f)	80,616			
Amort-Store			560	d)	560			
Amort-Off.			330	e)	330			
Sale Salaries	10,000				10,000			
Off. Salaries	6,000				6,000			
Insurance			500	a)	500			
Rent Selling	2,960				2,960			
Rent Office	740				740			
Store Supp			700	b)	700			
Off. Supp.			330	c)	330			
Utilities	1,200				1,200			
	-----	-----	-----	-----	-----	-----	-----	-----
Totals	545,630	545,630	4,536	4,536	104,472	157,000	442,048	389,520
Net Income	=====	=====	=====	=====	52,528			52,528
					-----	-----	-----	-----
Totals					157,000	157,000	442,048	442,048`
					=====	=====	=====	=====

**ABC Co.**  
**Income Statement**  
**For Year Ended December 31, 2001**

Gross Sales			157,000
Less: Sales Returns		200	
Sales Discounts		336	536
		-----	-----
Net Sales			156,464
Cost of Sales			80,616
			-----
Gross Profit			75,848
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	560		
Sales Salaries	10,000		
Rent – Selling Space	2,960		
Store Supplies	700		
	-----		
Total Selling Expenses		14,220	
General & Administrative Expenses:			
Amortization – Office Equipment	330		
Office Salaries	6,000		
Insurance	500		
Rent – Office Space	740		
Office Supplies	330		
Utilities	1,200		
	-----		
Total General & Administrative Expenses		9,100	
		-----	
Total Operating Expenses			23,320
			-----
Income from Operations			52,528
			=====

**ABC Co.**  
**Statement of Change in Owner's Equity**  
**For Year Ended December 31, 2001**

Tom Smith Capital – Dec 1, 2001	307,050
Plus: Net Income	52,528
	-----
	359,578
Less: Tom Smith Withdrawals	8,000
	-----
Tom Smith Capital – Dec 31, 2001	351,578
	=====

**ABC Co.**  
**Balance Sheet**  
**December 31, 2001**

<b>ASSETS:</b>			
Current Assets:			
Cash		135,248	
Accounts Receivable		18,000	
Inventory		210,000	
Store Supplies		2,600	
Office Supplies		500	
Prepaid Insurance		2,500	
		-----	
Total Current Assets			368,848
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,560	20,440	
	-----		
Office Equipment	26,200		
Less: Accumulated Amortization	10,230	15,970	
	-----	-----	
Total Capital Assets			36,410
			-----
<b>TOTAL ASSETS</b>			<b>405,258</b>
			=====
<b>LIABILITIES:</b>			
Accounts Payable			53,680
<b>EQUITY:</b>			
Tom Smith Capital – Dec 31, 2001			351,578
			-----
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>			<b>405,258</b>
			=====

**ABC Co.**  
**Post-Closing Trial Balance**  
**Dec 31, 2001**

ACCT#	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	135,248	
1060	Accounts Receivable	18,000	
1190	Inventory	210,000	
1240	Store Supplies	2,600	
1250	Office Supplies	500	
1280	Prepaid Insurance	2,500	
1630	Store Equipment	39,000	
1631	Accumulated Amortization – Store Equipment		18,560
1650	Office Equipment	26,200	
1651	Accumulated Amortization – Office Equipment		10,230
2010	Accounts Payable		53,680
3020	Tom Smith, Capital		351,578
		-----	-----
		434,048	434,048
		=====	=====

**ACCOUNTS RECEIVABLE SCHEDULE**

CUSTOMER NAME	AMOUNT OWING
Ender Co.	4,000
Dale Co.	14,000
	-----
	18,000
Less: Balance per Post Closing Trial Balance	18,000
	-----
Difference	0
	=====

**ACCOUNTS PAYABLE SCHEDULE**

SUPPLIER NAME	AMOUNT OWING
Panda Co.	3,000
Tacid Co.	50,680
	-----
	53,680
Less: Balance per Post Closing Trial Balance	53,680
	-----
Difference	0
	=====