

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 201 to Property Management in payment of the Dec rent, \$4,000. 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 901 for \$8,000. Cost \$4,000.
- Dec 2      Issued a \$400 credit memorandum 401 to Noric Co. for defective merchandise we sold on November 28 and they returned for credit.
- Dec 3      Received an \$700 credit memorandum P89 from Panda Co. for merchandise we received on November 29 and we returned for credit.
- Dec 4      Purchased on credit from Tacid Co. merchandise \$40,000, store supplies \$400, and office supplies \$40. Invoice T28, terms n/10, EOM.
- Dec 5      Received full payment from Noric Co. (less the return and discount). Receipt 330.
- Dec 8      Issued cheque 202 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, \$200.
- Dec 10     Purchase office equipment on credit from Tacid Co, invoice T45, terms n/10, EOM, \$3,000.
- Dec 11     Received full payment from Ender Co. (less the discount). Receipt 331
- Dec 11     Received merchandise and an invoice G141, terms 2/10, n/30, from Gander Co., \$9,500
- Dec 12     Received an \$600 credit memorandum T67 from Tacid Co. for defective office equipment we received on Dec 10 and we returned for credit.
- Dec 15     Issued cheque 203, payable to Payroll, in payment of sales salaries for \$4,500 and office salaries for \$2,500.
- Dec 15     Cash sales for the first half of the month were \$64,000 with cost of \$32,000.

- Dec 16 Sold merchandise on credit to Ender Co. on invoice 902 for \$5,000. Cost \$2,500.
- Dec 17 Received merchandise and an invoice C476, terms 2/10, n/60 from Central Co., \$13,000.
- Dec 19 Issued cheque 204 to Gander Co. in full payment of account (less the discount).
- Dec 22 Sold merchandise on credit to Oyster Co. on invoice 903 for \$7,000. Cost \$3,500.
- Dec 23 Issued cheque 205 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 T98, terms n/10, EOM.
- Dec 25 Received merchandise and an invoice P110, terms 2/10, n/30 from Panda Co. for \$3,000.
- Dec 26 Sold merchandise on credit to Dale Co. on. invoice 904 for \$14,000. Cost \$7,000.
- Dec 26 Issued cheque 206 to Hydro Co. in payment of the November electric bill, \$1,000.
- Dec 29 The owner, Tom Smith, withdrew \$7,000 from the business for personal use. Cheque 207.
- Dec 30 Received full payment from Oyster Co (less the discount). Receipt 332
- Dec 30 Issued cheque 208, payable to Payroll, in payment of sales salaries for \$4,500 and office salaries for \$2,500.
- Dec 31 Cash sales for the last half of the month were \$60,000 with cost of \$30,000

**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, \$700.
  - b) Ending store supplies inventory, \$2,400.
  - c) Ending office supplies inventory, \$300.
  - d) Estimated amortization of store equipment, \$850.
  - e) Estimated amortization of office equipment, \$500.
  - f) Ending merchandise inventory, \$212,000
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

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
				-----	-----	-----	-----	-----	-----
				=====	=====	=====	=====	=====	=====

## CASH DISBURSEMENTS JOURNAL – Page 4

Date	Chq #	Payee	Other Account Debited	P.R.	Cash CR	Inventory CR	Other Accts. DR	A/P DR
					-----	-----	-----	-----
					=====	=====	=====	=====

## 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	400	
	Accounts Receivable – Noric Co.	1060 / √		400
	Explain: Credit Memo 401			
Dec 3	Accounts Payable – Panda Co.	2010 / √	700	
	Inventory	1190		700
	Explain: Credit Memo P89			
Dec 12	Accounts Payable – Tacid Co.	2010 / √	600	
	Office Equipment	1650		600
	Explain: Credit Memo T67			

**PERIOD END ADJUSTMENTS**

<b>ADJ#</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
a)	Insurance Expense	5370	700	
	Prepaid Insurance	1280		700
	Explain: Record expired insurance			
b)	Store Supplies Expense	5500	900	
	Store Supplies	1240		900
	Explain: Record used supplies			
c)	Office Supplies Expense	5510	490	
	Office Supplies	1250		490
	Explain: Record used supplies			
d)	Amortization – Store Equipment	5120	850	
	Acc. Amort. – Store Equipment	1631		850
	Explain: Record amortization			
e)	Amortization – Office Equipment	5130	500	
	Acc. Amort. – Office Equipment	1651		500
	Explain: Record amortization			
f)	Cost of Sales	5020	1,224	
	Inventory	1190		1,224
	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	158,000	
	Sales Returns	4140		400
	Sales Discounts	4150		372
	Income Summary	5998		157,228
	Explain: Close revenue accounts			
Dec 31	Income Summary	5998	102,664	
	Cost of Sales	5020		80,224
	Amortization – Store Equipment	5120		850
	Amortization – Office Equipment	5130		500
	Sales Salaries	5200		9,000
	Office Salaries	5210		5,000
	Insurance	5370		700
	Rent – Selling Space	5410		3,200
	Rent – Office Space	5420		800
	Store Supplies	5500		900
	Office Supplies	5510		490
	Utilities	5900		1,000
	Explain: Close expense accounts			
Dec 31	Income Summary	5998	54,564	
	Tom Smith, Capital	3020		54,564
	Explain: Close Income Summary			
Dec 31	Tom Smith, Capital	3020	7,000	
	Tom Smith, Withdrawals	3030		7,000
	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.	901	√	8,000	4,000
Dec 16	Ender Co.	902	√	5,000	2,500
Dec 22	Oyster Co.	903	√	7,000	3,500
Dec 26	Dale Co.	904	√	14,000	7,000
				-----	-----
				34,000	17,000
				=====	=====
				(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.	T28	N/10,EOM	√/1240	40,440	40,000	40	400	Store supp.
Dec 10	Tacid Co.	T45	N/10,EOM	√/1650	3,000			3,000	Office Equip
Dec 11	Gander Co.	G141	2/10,n/30	√	9,500	9,500			
Dec 17	Central Co.	C476	2/10,n/60	√	13,000	13,000			
Dec 24	Tacid Co.	T98	N/10,EOM	√/1240	8,900	8,000	300	600	Store supp.
Dec 25	Panda Co.	P110	2/10,n/30	√	3,000	3,000			
					-----	-----	-----	-----	
					77,840	73,500	340	4,000	
					=====	=====	=====	=====	
					(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.	R330	✓	3,528	72	3,600			
Dec 9	Store Supplies	Neighbour	1240	200				200	
Dec 11	Ender Co.	R331	✓	7,840	160	8,000			
Dec 15	Sales	Cash Sales		64,000			64,000		32,000
Dec 30	Oyster Co.	R332	✓	6,860	140	7,000			
Dec 31	Sales	Cash Sales		60,000			60,000		30,000
				-----	-----	-----	-----	-----	-----
				142,428	372	18,600	124,000	200	62,000
				=====	=====	=====	=====	=====	=====
				(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	201	Property Management	Rent-Selling	5410	4,000		3,200	
			Rent-Office	5420			800	
Dec 8	202	Panda Co.		✓	6,174	126		6,300
Dec 15	203	Payroll	Sales Salaries	5200	7,000		4,500	
			Office Salaries	5210			2,500	
Dec 19	204	Gander Co.		✓	9,310	190		9,500
Dec 23	205	Central Co.		✓	12,740	260		13,000
Dec 26	206	Hydro Co.	Utilities	5900	1,000		1,000	
Dec 29	207	Tom Smith	Withdrawals	3030	7,000		7,000	
Dec 30	208	Payroll	Sales Salaries	5200	7,000		4,500	
			Office Salaries	5210			2,500	
					-----	-----	-----	-----
					54,224	576	26,000	28,800
					=====	=====	=====	=====
					(1010)	(1190)	(✓)	(2010)

**RECEIVABLE LEDGER****Ender Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 2	Invoice 901	S1	8,000		8,000
Dec 11	Receipt 331	R3		8,000	0
Dec 16	Invoice 902	S1	5,000		5,000

**Noric Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 28	Balance Forward	BF			4,000
Dec 2	Credit Memo 401	G5		400	3,600
Dec 5	Receipt 330	R3		3,600	0

**Oyster Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 22	Invoice 903	S1	7,000		7,000
Dec 30	Receipt 332	R3		7,000	0

**Dale Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 26	Invoice 904	S1	14,000		14,000

**PAYABLE LEDGER****Central Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 17	Invoice C476	P2		13,000	13,000
Dec 23	Cheque 205	D4	13,000		0

**Gander Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 11	Invoice G141	P2		9,500	9,500
Dec 19	Cheque 204	D4	9,500		0

**Panda Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 29	Balance Forward	BF			7,000
Dec 3	Credit Memo P89	G5	700		6,300
Dec 8	Cheque 202	D4	6,300		0
Dec 25	Invoice P110	P2		3,000	3,000

**Tacid Co.**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 4	Invoice T28	P2		40,440	40,440
Dec 10	Invoice T45	P2		3,000	43,440
Dec 12	Credit Memo T67	G5	600		42,840
Dec 24	Invoice T98	P2		8,900	51,740

## GENERAL LEDGER

## CASH

1010

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000
Dec 31		R3	142,428		192,428
Dec 31		D4		54,224	138,204

## ACCOUNTS RECEIVABLE

1060

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				4,000
Dec 31		S1	34,000		38,000
Dec 31		R3		18,600	19,400
Dec 31		G5		400	19,000

## INVENTORY

1190

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				220,000
Dec 31		S1		17,000	203,000
Dec 31		P2	73,500		276,500
Dec 31		R3		62,000	214,500
Dec 31		D4		576	213,924
Dec 31		G5		700	213,224
Dec 31		G5		1,224	212,000

## STORE SUPPLIES

1240

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				2,500
Dec 31		P2	400		2,900
Dec 31		P2	600		3,500
Dec 31		R3		200	3,300
Dec 31		G5		900	2,400

## OFFICE SUPPLIES

1250

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450
Dec 31		P2	340		790
Dec 31		G5		490	300

## PREPAID INSURANCE

1280

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000
Dec 31		G5		700	2,300

**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		850	18,850

**OFFICE EQUIPMENT****1650**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				23,000
Dec 31		P2	3,000		26,000
Dec 31		G5		600	25,400

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900
Dec 31		G5		500	10,400

**ACCOUNTS PAYABLE****2010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				7,000
Dec 31		P2		77,840	84,840
Dec 31		D4	28,800		56,040
Dec 31		G5	700		55,340
Dec 31		G5	600		54,740

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050
Dec 31		G6		54,564	361,614
Dec 31		G6	7,000		354,614

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	7,000		7,000
Dec 31		G6		7,000	0

**SALES****4130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1		34,000	34,000
Dec 31		R3		124,000	158,000
Dec 31		G6	158,000		0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	400		400
Dec 31		G6		400	0

**SALES DISCOUNTS****4150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		R3	372		372
Dec 31		G6		372	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1	17,000		17,000
Dec 31		R3	62,000		79,000
Dec 31		G5	1,224		80,224
Dec 31		G6		80,224	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	850		850
Dec 31		G6		850	0

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

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

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	4,500		4,500
Dec 31		D4	4,500		9,000
Dec 31		G6		9,000	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	2,500		2,500
Dec 31		D4	2,500		5,000
Dec 31		G6		5,000	0

**INSURANCE EXPENSE****5370**

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



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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	3,200		3,200
Dec 31		G6		3,200	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	800		800
Dec 31		G6		800	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	900		900
Dec 31		G6		900	0

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

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	490		490
Dec 31		G6		490	0

**UTILITIES EXPENSE****5900**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,000		1,000
Dec 31		G6		1,000	0

**INCOME SUMMARY****5998**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G6		157,228	157,228
Dec 31		G6	102,664		54,564
Dec 31		G6	54,564		0

ACCOUNT TITLES	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	138,204						138,204	
A/R	19,000						19,000	
Inventory	213,224		f)	1,224			212,000	
Store Supp	3,300		b)	900			2,400	
Office Supp	790		c)	490			300	
Prepaid Ins	3,000		a)	700			2,300	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	850				18,850
Office Equip	25,400						25,400	
Acc Amort		9,900	e)	500				10,400
A/P		54,740						54,740
Capital		307,050						307,050
Withdrawal	7,000						7,000	
Sale		158,000				158,000		
Sale Return	400				400			
Sale Disc.	372				372			
Cost of Sale	79,000		1,224	f)	80,224			
Amort-Store			850	d)	850			
Amort-Off.			500	e)	500			
Sale Salaries	9,000				9,000			
Off. Salaries	5,000				5,000			
Insurance			700	a)	700			
Rent Selling	3,200				3,200			
Rent Office	800				800			
Store Supp			900	b)	900			
Off. Supp.			490	c)	490			
Utilities	1,000				1,000			
	-----	-----	-----	-----	-----	-----	-----	-----
Totals	547,690	547,690	4,664	4,664	103,436	158,000	445,604	391,040
Net Income	=====	=====	=====	=====	54,564			54,564
					-----	-----	-----	-----
Totals					158,000	158,000	445,604	445,604
					=====	=====	=====	=====

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

Gross Sales			158,000
Less: Sales Returns		400	
Sales Discounts		372	772
		-----	-----
Net Sales			157,228
Cost of Sales			80,224
			-----
Gross Profit			77,004
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	850		
Sales Salaries	9,000		
Rent – Selling Space	3,200		
Store Supplies	900		
	-----		
Total Selling Expenses		13,950	
General & Administrative Expenses:			
Amortization – Office Equipment	500		
Office Salaries	5,000		
Insurance	700		
Rent – Office Space	800		
Office Supplies	490		
Utilities	1,000		
	-----		
Total General & Administrative Expenses		8,490	
		-----	
Total Operating Expenses			22,440
			-----
Income from Operations			54,564
			=====

**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	54,564
	-----
	361,614
Less: Tom Smith Withdrawals	7,000
	-----
Tom Smith Capital – Dec 31, 2001	354,614
	=====

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

<b>ASSETS:</b>			
Current Assets:			
Cash		138,204	
Accounts Receivable		19,000	
Inventory		212,000	
Store Supplies		2,400	
Office Supplies		300	
Prepaid Insurance		2,300	
		-----	
Total Current Assets			374,204
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,850	20,150	
	-----		
Office Equipment	25,400		
Less: Accumulated Amortization	10,400	15,000	
	-----	-----	
Total Capital Assets			35,150
			-----
<b>TOTAL ASSETS</b>			<b>409,354</b>
			=====
<b>LIABILITIES:</b>			
Accounts Payable			54,740
<b>EQUITY:</b>			
Tom Smith Capital – Dec 31, 2001			354,614
			-----
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>			<b>409,354</b>
			=====

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

ACCT#	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	138,204	
1060	Accounts Receivable	19,000	
1190	Inventory	212,000	
1240	Store Supplies	2,400	
1250	Office Supplies	300	
1280	Prepaid Insurance	2,300	
1630	Store Equipment	39,000	
1631	Accumulated Amortization – Store Equipment		18,850
1650	Office Equipment	25,400	
1651	Accumulated Amortization – Office Equipment		10,400
2010	Accounts Payable		54,740
3020	Tom Smith, Capital		354,614
		-----	-----
		438,604	438,604
		=====	=====

**ACCOUNTS RECEIVABLE SCHEDULE**

CUSTOMER NAME	AMOUNT OWING
Ender Co.	5,000
Dale Co.	14,000
	-----
	19,000
Less: Balance per Post Closing Trial Balance	19,000
	-----
Difference	0
	=====

**ACCOUNTS PAYABLE SCHEDULE**

SUPPLIER NAME	AMOUNT OWING
Panda Co.	3,000
Tacid Co.	51,740
	-----
	54,740
Less: Balance per Post Closing Trial Balance	54,740
	-----
Difference	0
	=====