

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 4 Purchased on credit from Tacid Co. inventory \$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 2% discount). Receipt 110.
- Dec 8 Issued cheque 802 to Panda Co. in full payment of account (less 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 2% discount). Receipt 111
- Dec 11 Received inventory and an invoice G212, terms 2/10, n/30, from Gander Co., \$8,000
- 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 inventory 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 2% 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 2% discount).
- Dec 24 Purchased on credit from Tacid Co. inventory for \$9,000, store supplies for \$700 and office supplies for \$400. Invoice T32, terms n/10, EOM.
- Dec 25 Received inventory 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 2% 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. Staple your working papers together as follows:

Instructions (pages 1 to 3)

Journals (pages 4 to 7)

Subledger cards (pages 8 and 9)

General Ledger cards (pages 10 to 13)

Trial Balance Before Adjustments (page 14)

Financial Statements (pages 15 and 16)

Post-Closing Trial Balance and Schedules (page 17)

2. Complete the attached Sales Journal, Purchase Journal, Cash Receipts Journal and Cash Disbursements Journal, posting to the Subledgers (if applicable) when entered on the journals. (**NOTE: Record entries in order by date**)
3. Foot and cross-foot the appropriate journals.
4. Compare your journals to the answer sheets.

5. Post the journals to the General Ledger cards.
6. From the General Ledger cards, prepare a Trial Balance Before Adjustments (if total Debits do not equal total Credits, compare to the answer sheet and make any corrections to Journals, General Ledger cards or Trial Balance
7. Record the following 6 year end adjustments in the General Journal
  - a) Expired insurance, \$800.
  - b) Ending store supplies (asset), \$2,200.
  - c) Ending office supplies (asset), \$100.
  - d) Estimated amortization of store equipment, \$900.
  - e) Estimated amortization of office equipment, \$600.
  - f) Ending merchandise inventory, \$221,000
8. Post the Year End Adjustments to the General Ledger cards
9. From the General Ledger cards, prepare an Income Statement, Statement of Change in Owner Equity and Balance Sheet. (Assume that there were no new Owner Investments during the year.)
10. From the General Ledger cards, journalize the year-end closing entries.
11. Post the closing entries to the General Ledger cards
12. From the General Ledger cards, prepare a Post-Closing Trial Balance and an Accounts Receivable Schedule and an Accounts Payable Schedule.

<b>YEAR END ADJUSTMENTS</b>		<b>GENERAL JOURNAL (G5)</b>		
<b>ADJ#</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>

**CLOSING ENTRIES**

**GENERAL JOURNAL (G6)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>

SALES JOURNAL – Page 1

Date	Who or What Other Account Name	Invoice #	P.R.	A/R - DR Sales - CR	Cost of Sales – DR Inventory - CR
				-----	-----
				=====	=====

PURCHASES JOURNAL – Page 2

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

CASH RECEIPTS JOURNAL – Page 3

Date	Who or What Other Account Name	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 Name	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 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**

<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>



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

Gross Sales			
Less: 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>			=====



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

ACCT#	ACCOUNT NAME	DEBIT	CREDIT
		-----	-----
		=====	=====

**ACCOUNTS RECEIVABLE SCHEDULE**

CUSTOMER NAME	AMOUNT OWING
	-----
Total	
Less: Balance per Post Closing Trial Balance	
	-----
Difference	
	=====

**ACCOUNTS PAYABLE SCHEDULE**

SUPPLIER NAME	AMOUNT OWING
	-----
Total	
Less: Balance per Post Closing Trial Balance	
	-----
Difference	
	=====

ANSWERS:

YEAR END ADJUSTMENTS		GENERAL JOURNAL (G5)		
ADJ#	ACCOUNT	PR	DEBIT	CREDIT
a)	Insurance Expense	5370	800	
	Prepaid Insurance	1280		800
	Explain: Record expired insurance			
b)	Store Supplies Expense	5500	1,200	
	Store Supplies	1240		1,200
	Explain: Record used supplies			
c)	Office Supplies Expense	5510	810	
	Office Supplies	1250		810
	Explain: Record used supplies			
d)	Amortization – Store Equipment	5120	900	
	Acc. Amort. – Store Equipment	1631		900
	Explain: Record amortization			
e)	Amortization – Office Equipment	5130	600	
	Acc. Amort. – Office Equipment	1651		600
	Explain: Record amortization			
f)	Cost of Sales	5020	2,380	
	Inventory	1190		2,380
	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	Tom Smith, Withdrawals	3030		6,000
	Sales	4130	144,000	
	Sales Discounts	4150		300
	Cost of Sales	5020		74,380
	Amortization – Store Equipment	5120		900
	Amortization – Office Equipment	5130		600
	Sales Salaries	5200		7,000
	Office Salaries	5210		3,000
	Insurance	5370		800
	Rent – Selling Space	5410		2,400
	Rent – Office Space	5420		600
	Store Supplies	5500		1,200
	Office Supplies	5510		810
	Utilities	5900		1,100
	Tom Smith, Capital	3020		44,910
	Explain: Close Withdrawals, Revenues and Expenses to Capital			

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	√	3,920	80	4,000			
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
				-----	-----	-----	-----	-----	-----
				128,800	300	15,000	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.		√	6,860	140		7,000
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	
					-----	-----	-----	-----
					50,480	620	20,100	31,000
					=====	=====	=====	=====
					(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 5	Receipt 110	R3		4,000	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.**

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

**Gander Co.**

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

**Panda Co.**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Nov 29	Balance Forward	BF			7,000
Dec 8	Cheque 802	D4	7,000		0
Dec 25	Invoice P89	P2		4,000	4,000

**Tacid Co.**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Dec 4	Invoice T12	P2		39,360	39,360
Dec 10	Invoice T16	P2		6,000	45,360
Dec 24	Invoice T32	P2		10,100	55,460

**GENERAL LEDGER**

**CASH**

**1010**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				50,000
Dec 31		R3	128,800		178,800
Dec 31		D4		50,480	128,320

**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		15,000	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		620	223,380
Dec 31		G5		2,380	221,000

**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
Dec 31		G5		1,200	2,200

**OFFICE SUPPLIES**

**1250**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				450
Dec 31		P2	460		910
Dec 31		G5		810	100

**PREPAID INSURANCE**

**1280**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				3,000
Dec 31		G5		800	2,200

**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		900	18,900

**OFFICE EQUIPMENT 1650**

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

**ACCUMULATED AMORTIZATION – OFFICE EQUIPMENT 1651**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				9,900
Dec 31		G5		600	10,500

**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	31,000		59,460

**TOM SMITH - CAPITAL 3020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Nov 30	Balance forward				307,050
Dec 31		G6		44,910	351,960

**TOM SMITH - WITHDRAWALS 3030**

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

**SALES 4130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1		30,000	30,000
Dec 31		R3		114,000	144,000
Dec 31		G6	144,000		0

**SALES DISCOUNTS 4150**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		R3	300		300
Dec 31		G6		300	0

**COST OF SALES**

**5020**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		S1	15,000		15,000
Dec 31		R3	57,000		72,000
Dec 31		G5	2,380		74,380
Dec 31		G6		74,380	0

**AMORTIZATION EXPENSE – STORE EQUIPMENT**

**5120**

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

**AMORTIZATION EXPENSE – OFFICE EQUIPMENT**

**5130**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	600		600
Dec 31		G6		600	0

**SALES SALARIES EXPENSE**

**5200**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	3,500		3,500
Dec 31		D4	3,500		7,000
Dec 31		G6		7,000	0

**OFFICE SALARIES EXPENSE**

**5210**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	1,500		1,500
Dec 31		D4	1,500		3,000
Dec 31		G6		3,000	0

**INSURANCE EXPENSE**

**5370**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		G5	800		800
Dec 31		G6		800	0

**RENT EXPENSE – SELLING SPACE**

**5410**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	2,400		2,400
Dec 31		G6		2,400	0

**RENT EXPENSE – OFFICE SPACE**

**5420**

DATE	EXPLANATION	PR	DEBIT	CREDIT	BALANCE
Dec 31		D4	600		600
Dec 31		G6		600	0

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

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Dec 31		G5	1,200		1,200
Dec 31		G6		1,200	0

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

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Dec 31		G5	810		810
Dec 31		G6		810	0

**UTILITIES EXPENSE****5900**

<b>DATE</b>	<b>EXPLANATION</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>	<b>BALANCE</b>
Dec 31		D4	1,100		1,100
Dec 31		G6		1,100	0

**ABC Co.**  
**Trial Balance Before Adjustments**  
**For Year Ended December 31, 2001**

ACCT #	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	128,320	
1060	Accounts Receivable	19,000	
1190	Inventory	223,380	
1240	Store Supplies	3,400	
1250	Office Supplies	910	
1280	Prepaid Insurance	3,000	
1630	Store Equipment	39,000	
1631	Accumulated Amortization-Store Equipment		18,000
1650	Office Equipment	29,000	
1651	Accumulated Amortization-Office Equipment		9,900
2010	Accounts Payable		59,460
3020	Tom Smith – Capital		307,050
3030	Tom Smith – Withdrawals	6,000	
4130	Sales		144,000
4150	Sales Discounts	300	
5020	Cost of Sales	72,000	
5200	Sales Salaries Expense	7,000	
5210	Office Salaries Expense	3,000	
5410	Rent Expense – Selling Space	2,400	
5420	Rent Expense – Office Space	600	
5900	Utilities Expense	1,100	
		-----	-----
		538,410	538,410
		=====	=====

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

Gross Sales			144,000
Less: Sales Discounts			300
			-----
Net Sales			143,700
Cost of Sales			74,380
			-----
Gross Profit			69,320
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	900		
Sales Salaries	7,000		
Rent – Selling Space	2,400		
Store Supplies	1,200		
	-----		
Total Selling Expenses		11,500	
General & Administrative Expenses:			
Amortization – Office Equipment	600		
Office Salaries	3,000		
Insurance	800		
Rent – Office Space	600		
Office Supplies	810		
Utilities	1,100		
	-----		
Total General & Administrative Expenses		6,910	
		-----	
Total Operating Expenses			18,410
			-----
Income from Operations			50,910
			=====

**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	50,910
	-----
	357,960
Less: Tom Smith Withdrawals	6,000
	-----
Tom Smith Capital – Dec 31, 2001	351,960
	=====

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

<b>ASSETS:</b>			
Current Assets:			
Cash		128,320	
Accounts Receivable		19,000	
Inventory		221,000	
Store Supplies		2,200	
Office Supplies		100	
Prepaid Insurance		2,200	
		-----	
Total Current Assets			372,820
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,900	20,100	
	-----		
Office Equipment	29,000		
Less: Accumulated Amortization	10,500	18,500	
	-----	-----	
Total Capital Assets			38,600
			-----
<b>TOTAL ASSETS</b>			<b>411,420</b>
			=====
<b>LIABILITIES:</b>			
Accounts Payable			59,460
<b>EQUITY:</b>			
Tom Smith Capital – Dec 31, 2001			351,960
			-----
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>			<b>411,420</b>
			=====

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

ACCT#	ACCOUNT NAME	DEBIT	CREDIT
1010	Cash	128,320	
1060	Accounts Receivable	19,000	
1190	Inventory	221,000	0
1240	Store Supplies	2,200	
1250	Office Supplies	100	
1280	Prepaid Insurance	2,200	
1630	Store Equipment	39,000	
1631	Accumulated Amortization – Store Equipment		18,900
1650	Office Equipment	29,000	
1651	Accumulated Amortization – Office Equipment		10,500
2010	Accounts Payable		59,460
3020	Tom Smith, Capital		351,960
		-----	-----
		440,820	440,820
		=====	=====

**ACCOUNTS RECEIVABLE SCHEDULE**

CUSTOMER NAME	AMOUNT OWING
Ender Co.	6,000
Dale Co.	13,000
	-----
Total	19,000
Less: Balance per Post Closing Trial Balance	19,000
	-----
Difference	0
	=====

**ACCOUNTS PAYABLE SCHEDULE**

SUPPLIER NAME	AMOUNT OWING
Panda Co.	4,000
Tacid Co.	55,460
	-----
Total	59,460
Less: Balance per Post Closing Trial Balance	59,460
	-----
Difference	0
	=====