

Financial Practice Set

Please print this PDF. The Financial Practice Set is designed to be completed long hand with pencil and paper. The solution to the Financial Practice Set can be found at the end of this lesson in PDF form.

Purpose: The purpose of this practice set is to bring together in one example the steps of an accounting system designed to produce a company's periodic financial statements. This will serve as an excellent review of the material covered in the course to date.

The practice set will also introduce two additional accounting tools (subsidiary ledgers and special journals) which are important elements of a company's accounting system for financial and managerial purposes.

In reality, accounting systems today are almost always computerized systems. Manually prepared journals and ledgers are pretty much relics of the past. However, an opportunity to manually prepare journal entries, post those entries to ledgers, and prepare financial statements is a valuable learning tool to better understand how computerized accounting systems are designed and operate. The manual bookkeeping system set up for this Practice Set is a fair representation of systems actually used by businesses before the advent of computerized systems. Understanding this manual system will facilitate your understanding of most computerized accounting systems that you may encounter in today's world.

In order to maximize the use of this Practice Set, we will also use the financial statements in Lesson 10 where we discuss financial statement analysis. Our ultimate goal in this class is to be able to competently read, understand, and analyze financial statements so as to evaluate a company's financial position, operating performance, and investment potential. We ultimately hope to determine a fair price for a company's stock for investment consideration.

Business Information: Hot Cars, Inc. (**HCI**) specializes in the wholesale distribution of miniature model cars. HCI purchases model cars from three Southeast Asian manufacturing companies (Vendors #1, #2, and #3) and sells them to specialty toy stores in the United States. The company is solely owned by Eric McGinn and operates on a calendar year basis. The company has hired you to maintain the accounting records for the month of **December 20X2** and beyond, depending upon your performance.

The following are all the transactions for HCI during December, 20X2: (The "*" indicates transactions which have already been journalized and posted. This has been done to shorten your work and provide examples of the use of special journals in the recording of transactions. All cash receipt transactions have been journalized in the cash receipts journal and posted to both the subsidiary ledgers as appropriate and the general ledger to provide an example of proper posting from such special journals.)

12/1* Collected note receivable from an employee (David Jones) in the amount of **\$750** plus interest in the amount of **\$25** not previously recorded.

12/2* Paid warehouse and office rent of **\$4,800** to Capital Property Management with check #2401 for rent due for the period of **December 1, 20X2 to November 30, 20X3**.

- 12/3*** Issued an additional **1,250** shares of stock to the sole shareholder of the company, Eric McGinn, for **\$12,500** cash.
- 12/3*** Received a check from Customer #1 for **\$2,310** representing payment on account (sales invoice #34567).
- 12/3*** Paid Vendor #1 **\$1,550** on account (purchase invoice #44657) with check #2402.
- 12/6*** Received a check from Customer #2 for **\$3,835** as payment on account (sales invoice #34568).
- 12/7*** Borrowed **\$10,000** from Provo State Bank executing a note payable providing for all principal and interest at a rate of **15%** annually to be due **12/7/X3**.
- 12/7*** Sold **450** units of **RX7** costing **\$2,250** for **\$3,000** (sales invoice #34570) on account to Customer #1.
- 12/8*** Paid Vendor #2 **\$840** on account (purchase invoice #3717) with check #2403.
- 12/8*** Purchased on account from Vendor #1 (purchase invoice #1446) the following: **300** units of **Z28** @ **\$5** per unit, **500** units of **F150** @ **\$10** per unit, and **400** units of **RX7** @ **\$5** per unit.
- 12/9*** Received a check from Customer **#1** for **\$2,350** as payment on account (sales invoice **#34562**).
- 12/9** Paid Vendor #3 **\$1,400** on account (purchase invoices #76654 and #76744) with check #2404.
- 12/9** Purchased on Account from Vendor #3 (purchase invoice #76855) **250** units of **Z28** at **\$5** per unit.
- 12/11** Purchased some warehouse equipment from Smith's Equipment for **\$15,000** paying **\$3,000** down (check #2405) and financing the remainder of the purchase price (**\$12,000**) with a 3-year note due to Smith's Equipment in **3** annual payments of **\$4,000** on **12/11** of each following year with interest (at **12%** on the unpaid balance) payable monthly on the **11th** of each month beginning **January 11, 20X3**.
- 12/12** Sold **750** units of **F150** costing **\$7,500** for **\$12,500** (sales invoice #34571) to Customer #3 on account.

- 12/13*** Received a check from Customer #1 for **\$3,000** as payment on account (sales invoice #34570).
- 12/13** Paid Vendor #1 **\$8,500** on account (purchase invoice #1446) with check #2406.
- 12/15** Bought office supplies amounting to **\$640** from the Supply Depot paying the full amount with check #2407.
- 12/16** Sold **500** units of **Z28** costing **\$2,500** and **1,200** units of **RX7** costing **\$6,000** at a total price of **\$12,950**, (sales invoice #34572) to Customer #2 on account.
- 12/21** Purchased on account from Vendor #2 (purchase invoice #3981) **800** units of **RX7** at **\$5** per unit.
- 12/23** Sold **500** units of **Z28** costing **\$2,500** for **\$3,625** (sales invoice #34573) to Customer #1 on account.
- 12/25** Received and immediately paid the November utility bill to Provo Power for **\$700** with check #2408.
- 12/27** Sold **300** units of **F150** costing **\$3,000** for **\$4,500** (sales invoice #34574) on account to Customer #2.
- 12/29** Purchased on account from Vendor #1 (purchase invoice #45993) **1,000** units of **Z28** at **\$5** per unit.
- 12/31** Paid monthly salaries for the month of December to David Jones (**\$3,000** - check #2409) and Harvey Dodge (**\$1,600** - check #2410), the only employees of the company. (Ignore payroll withholdings and payroll taxes in this practice set.)
- 12/31** Purchased on account from Vendor #3 (purchase invoice #77102) **1,200** units of **F150** at **\$10** per unit.

REQUIREMENTS:

1. You may wish to review the journalizing and posting of several transactions noted with an "*" for purposes of familiarizing yourself with the proper use of the special journals and methods of posting individual transactions to the subsidiary ledgers and general journal as appropriate. This review should help you avoid mistakes and save you time in the long run—that is why these sample transactions have been journalized and posted for you. Also, some of the information in these transactions are necessary in order to prepare the proper adjusting entries in Requirement 5 below.

2. Journalize all December transactions for **HCI** in the journals provided (utilize the special journals: cash receipts journal, sales journal, purchases journal or cash disbursements journal for all transactions). The general journal will only be used for adjusting and closing entries.
3. Post all recorded transactions to the appropriate general and subsidiary ledgers. (For the cash receipts journal, all postings have already been made for an example of posting to both subsidiary and general ledgers.)
4. Check to make sure that all subsidiary ledger ending balances for inventory, A/R, and A/P agree in total to their respective general ledger "control" accounts. If they do not agree, then you probably made a posting error. Then complete the partially completed "pre-adjusted" portion of the trial balance provided.
5. From the information provided below, determine and record all appropriate adjusting entries as of **12/31/X2** in the general journal, post all adjustments to the general ledger and complete the partially completed "adjusted" portion of the trial balance.

Data required for **12/31/X2** adjusting entries is provided as follows:

- A. An analysis of the company's insurance policies indicates that premiums previously paid amounting to **\$400** apply to **20X3** coverage. All other prepaid insurance expires in **20X2**. (This adjusting entry has already been recorded in the general journal as an example, but the entry has not yet been properly posted to the general ledger. You must post this adjusting entry to the general ledger yourself.)
- B. A physical count of office supplies reveals that supplies costing **\$750** are on hand as of **12/31/X2**.
- C. Interest accruing on the notes payable amounts to **\$178** as of **12/31/X2**.
- D. The company sub-leased a portion of its warehouse space to Fred the Grocer for five months beginning on **10/1/X2** at which time the company received the full amount of the **\$700** rent in advance recording it as Unearned Rent Revenue. (see **11/30/X2** General Ledger balance).
- E. Prepaid rent requires proper adjustment given the facts associated with the prepayment on **12/2**.
- F. December utilities are estimated to be **\$400** although the bill has not yet been received.
- G. Income taxes are payable by **3/15/X3** at a rate of **25%** of the income before taxes in **20X2**. (You must post all of the other adjusting entries and figure out **20X2** net income before tax before you can determine this adjusting entry. Round to the nearest dollar.)

6. Record in the general journal the closing entry(ies) at **12/31/X2**, post the closing entry(ies) to the general ledger and complete the partially completed "post-closing" trial balance.
7. Prepare the following for **HCI**:
 - A. Comparative income statement for the years ended **December 31, 20X1** and **20X2** (one statement with a column for each year)
 - B. Comparative balance sheet as of **December 31, 20X1** and **20X2** (one statement with a column for each year)

The Solution: The solution to this Practice Set is available to you by clicking on "answer". However, this solution should be used judiciously in order to receive the greatest learning value from this experience. A student who does not actually do the Practice Set but merely reviews the solution will have a greatly diminished learning experience and will discover that fact when taking the first exam. The solution has been provided to assist a student who encounters a stumbling block and needs some assistance while progressing through the work. In the end, it will help a student discover any mistakes made and allow them to make the corrections necessary to successfully complete the set.

Enclosed in this packet are the following for Hot Cars, Inc. ("**HCI**"):

1. A balance sheet for **HCI** as of **12/31/X1** and an income statement for **HCI** for the year ended **12/31/X1**.
2. An unadjusted trial balance for **HCI** as of **11/30/X2**.
3. The **HCI** chart of accounts.
4. The general ledger for **HCI** with balances reflected as of **11/30/X2** (the nominal account balances reflect all activity for the period **1/1/X2-11/30/X2**.)
5. Subsidiary ledgers for Accounts Receivable, Inventory, and Accounts Payable.
6. A cash receipts journal, sales journal, purchases journal, cash disbursements journal, and general journal to be used to record all of **HCI**'s transactions for **December 20X2** and adjusting and closing entries as of **12/31/X2**.
7. Partially completed **12/31/X2** pre-adjusted, adjusted, and post-closing trial balances. (The partial completion of these trial balances serve as check figures for your work.)

Hot Cars, Inc.
Balance Sheet
December 31, 20X1

ASSETS

	<u>12/31/X1</u>
Current Assets:	
Cash	\$12,665
Accounts Receivable	11,750
Inventory	11,432
Office Supplies	470
Prepaid Insurance	350
Prepaid Rent	4,400
Notes Receivable	750
	<u>41,817</u>
Long-Term Assets:	
Warehouse Equipment	<u>14,700</u>
Total Assets	<u><u>\$56,517</u></u>

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities:	
Accounts Payable	\$13,511
Salaries Payable	4,125
Income Tax Payable	1,644
Dividend Payable	1,250
Utilities Payable	485
Unearned Rent Revenue	0
Interest Payable	0
Current Portion of Notes Payable	<u>0</u>
	<u>21,015</u>
Long-Term Liabilities:	
Notes Payable	<u>0</u>
Total Liabilities	<u>21,015</u>
Stockholder's Equity:	
Capital Stock (2,400 shares outstanding)	24,000
Retained Earnings	<u>11,502</u>
Total Stockholder's Equity	<u>35,502</u>
Total Liabilities and Stockholder's Equity	<u><u>\$56,517</u></u>

Hot Cars, Inc.
Income Statement
for the year ended **December 31, 20X1**

	<u>20X1</u>
Sales Revenue	\$185,043
Cost of Goods Sold	<u>111,026</u>
Gross Margin	74,017
Operating Expenses:	
Salaries Expense	49,500
Office Supplies Expense	3,893
Rent Expense	4,150
Utilities Expense	6,345
Misc. Expense	2,336
Insurance Expense	1,055
Postage Expenses	<u>298</u>
Operating Expenses	<u>67,577</u>
Operating Income	6,440
Other Revenues and Expenses	
Rental Revenue	0
Interest Revenue	<u>135</u>
Other Revenue	135
Less: Interest Expense	<u>0</u>
Other Revenue (Expenses)	<u>135</u>
Income Before Income Taxes	6,575
Less: Income Taxes	<u>1,644</u>
Net Income (Loss)	<u>\$4,931</u>
Earnings Per Share	<u><u>\$2.05</u></u>

HCI Chart of Accounts

Assets

#

110 Cash
120 Accounts Receivable
130 Inventory
140 Office Supplies
150 Prepaid Insurance
160 Prepaid Rent
170 Notes Receivable
180 Warehouse Equipment
190 Land

Liabilities

210 Accounts Payable
220 Salaries Payable
230 Income Taxes Payable
240 Dividend Payable
250 Notes Payable
260 Unearned Rent Revenue
270 Utilities Payable
280 Interest Payable

Owner's Equity

310 Capital Stock
320 Retained Earnings
330 Dividends

Revenues

410 Sales Revenue
420 Interest Revenue
430 Rent Revenue

Expenses

505 Cost of Goods Sold
510 Salaries Expense
515 Office Supplies Expense
520 Rent Expense
525 Utilities Expense
530 Misc. Expense
535 Insurance Expense
540 Postage Expense
545 Interest Expense
550 Income Tax Expense

General Ledger

Account No. 110 General Ledger Account CASH

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	13,068
12/31	December Cash Receipts	CR 1✓	34,770		DR	47,838

Account No. 120 General Ledger Account ACCOUNTS RECEIVABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	9,235
12/31	December Collections on A/R	CR 1✓		11,495	CR	(2,260)

Account No. 130 General Ledger Account INVENTORY

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	18,000

Account No. 140 General Ledger Account OFFICE SUPPLIES

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	1,250

General Ledger

Account No. 150 General Ledger Account PREPAID INSURANCE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	905

Account No. 160 General Ledger Account PREPAID RENT

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0
12/2	Paid 1 year in advance 12/1/X2 -X3	CD 1✓	4,800		DR	4,800

Account No. 170 General Ledger Account NOTES RECEIVABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	750
12/1	Receipt of Note Payoff	CR 1✓		750		0

Account No. 180 General Ledger Account WAREHOUSE EQUIPMENT

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	22,394

General Ledger

Account No. 190 General Ledger Account LAND

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Account No. 210 General Ledger Account ACCOUNTS PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				CR	3,790

Account No. 220 General Ledger Account SALARIES PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Account No. 230 General Ledger Account INCOME TAXES PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

General Ledger

Account No. 240 General Ledger Account DIVIDENDS PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Account No. 250 General Ledger Account NOTES PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0
12/7	Provo State Bank Loan	CR 1 ✓		10,000	CR	10,000

Account No. 260 General Ledger Account UNEARNED RENT REVENUE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				CR	700

Account No. 270 General Ledger Account UTILITIES PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

General Ledger

Account No. 280 General Ledger Account INTEREST PAYABLE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Account No. 310 General Ledger Account CAPITAL STOCK

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance (3,000 shares)				CR	30,000
12/3	Issued 1,250 Shares to McGinn	CR 1 ✓		12,500	CR	42,500

Account No. 320 General Ledger Account RETAINED EARNINGS

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance from 1/1/X2				CR	11,502

Account No. 330 General Ledger Account DIVIDENDS

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	675

General Ledger

Account No. 410 General Ledger Account SALES REVENUES

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				CR	225,375

Account No. 420 General Ledger Account INTEREST REVENUE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				CR	27
12/1	Interest Earned on Note	CR 1 ✓		25	CR	52

Account No. 430 General Ledger Account RENT REVENUE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Account No. 505 General Ledger Account COST OF GOODS SOLD

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	140,276

General Ledger

Account No. 510 General Ledger Account SALARIES EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	49,000

Account No. 515 General Ledger Account OFFICE SUPPLIES EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	2,818

Account No. 520 General Ledger Account RENT EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	4,400

Account No. 525 General Ledger Account UTILITIES EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	5,750

General Ledger

Account No. 530 General Ledger Account MISCELLANEOUS EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	1,952

Account No. 535 General Ledger Account INSURANCE EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	600

Account No. 540 General Ledger Account POSTAGE EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance				DR	321

Account No. 545 General Ledger Account INTEREST EXPENSE

Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

General Ledger

Account No. 550 General Ledger Account INCOME TAX EXPENSE						
Date 20X2	Description	Post Ref.	Debit	Credit	Balance	
					DR/CR	Amount
11/30	Balance					0

Accounts Receivable Subsidiary Ledger

ACCT #120.1 - CUSTOMER #1						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						4,660
12/03	34567			CR 1 ✓	2,310	2,350
12/07	34570	SJ 1 ✓	3,000			5,350
12/09	34562			CR 1 ✓	2,350	3,000
12/13	34570			CR 1 ✓	3,000	0

ACCT #120.2 - CUSTOMER #2						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						3,835
12/06	34568			CR 1 ✓	3,835	0

ACCT #120.3 - CUSTOMER #3						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						740

**Accounts Payable
Subsidiary Ledger**

ACCT #210.1 - VENDOR #1						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						1,550
12/03	44657	CD 1 ✓	1,550			0
12/08	1446			PJ 1 ✓	8,500	8,500

ACCT #210.2 - VENDOR #2						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						840
12/08	3717	CD 1 ✓	840			0

ACCT #210.3 - VENDOR #3						
Date	Inv.#	Post Ref.	Debit	Post Ref.	Credit	Balance
Balance at 11/30/X2						1,400

Inventory Subsidiary Ledger

ACCT #130.1 - PART #F150												
Date	Inv.#	Debit				Credit				Balance		
		Post Ref.	# Units	\$ /Unit	Total	Post Ref.	# Units	\$ /Unit	Total	# Units	\$ /Unit	Total
11/30	Balance									700	\$ 10	7,000
12/08	1446	PJ 1 ✓	500	\$ 10	5,000					1,200	\$ 10	12,000

ACCT #130.2 - PART #RX7												
Date	Inv.#	Debit				Credit				Balance		
		Post Ref.	# Units	\$ /Unit	Total	Post Ref.	# Units	\$ /Unit	Total	# Units	\$ /Unit	Total
11/30	Balance									1,500	\$ 5	7,500
12/07	34570					SJ 1 ✓	450	\$ 5	2,250	1,050	\$ 5	5,250
12/08	1446	PJ 1 ✓	400	\$ 5	2,000					1,450	\$ 5	7,250

ACCT #130.3 - PART #Z28												
Date	Inv.#	Debit				Credit				Balance		
		Post Ref.	# Units	\$ /Unit	Total	Post Ref.	# Units	\$ /Unit	Total	# Units	\$ /Unit	Total
11/30	Balance									700	\$ 5	3,500
12/08	1446	PJ 1 ✓	300	\$ 5	1,500					1,000	\$ 5	5,000

HCI
Cash Receipts Journal **(CR 1)**

Date	Payor Name	Cash (DR)	Accounts Receivable		Other Accounts		
			Post Ref.	Amount (CR)	Post Ref.	Acct. Name	Amount
12/01	David Jones	775			170 ✓	Notes Receivable	750
					420 ✓	Interest Revenue	25
12/03	Eric McGinn	12,500			310 ✓	Capital Stock	12,500
12/03	Customer #1	2,310	120.1 ✓	2,310			
12/06	Customer #2	3,835	120.2 ✓	3,835			
12/07	Provo State Bank	10,000			250 ✓	Notes Payable	10,000
12/09	Customer #1	2,350	120.1 ✓	2,350			
12/13	Customer #1	3,000	120.1 ✓	3,000			
	Totals	<u>34,770</u>		<u>11,495</u>			
		A/C 110 ✓		A/C 120 ✓			

HCI
Sales Journal

(SJ 1)

Date	Customer Name	Inv. #	Accounts Receivable		Sales Revenue (CR)	Cost of Goods sold (DR)/ Inventory (CR)				
			Post Ref.	Amount (DR)		Post Ref.	Item	# Units	Cost/ Unit	Total
12/07	Customer #1	34570	120.1 ✓	3,000	3,000	130.2 ✓	RX7	450	5	2,250

HCI
Purchases Journal
(Inventory Purchases Only)

(PJ 1)

Date	Vendor Name	Inv. #	Inventory (DR)				Accounts Payable	
			Post Ref.	Item	# Units	\$ Per Unit	Total	Post Ref. Amounts (CR)
12/08	Vendor #1	1446	130.2 ✓	RX7	400	5	2,000	210.1 ✓ 8,500
			130.3 ✓	Z28	300	5	1,500	
			130.1 ✓	F150	500	10	5,000	

HCI
Cash Disbursements Journal

(CD 1)

Other Accounts (CR)			Cash (CR)	Date 20X2	Check No.	Payee Name	Post Ref.	Accounts Payable (DR)	Other Accounts (DR)		
Post Ref.	Account	Amount							Post Ref.	Account	Amount
			4,800	12/02	2401	Capital Property Mgmt.			160 ✓	Prepaid Rent	4,800
			1,550	12/03	2402	Vendor #1	210.1 ✓	1,550			
			840	12/08	2403	Vendor #2	210.2 ✓	840			

General Journal
(Adjusting and Closing Entries) **(GJ 1)**

[illegible]

***Entry has not yet been posted**

(CONTINUED ON NEXT PAGE)

(GJ 2)

[illegible]

Trial Balances
12/31/X2

	Pre-Adjusted DR(CR)	Adjusted DR(CR)	Post Closing DR(CR)
Cash	<u>21,808</u>	<u>21,808</u>	<u>21,808</u>
Accounts Receivable	<u>34,315</u>	<u>34,315</u>	<u>34,315</u>
Inventory			
Office Supplies	<u>1,890</u>	<u>750</u>	<u>750</u>
Prepaid Insurance			
Prepaid Rent			
Notes Receivable			
Warehouse Equipment			
Land			
Accounts Payable	<u>(22,250)</u>	<u>(22,250)</u>	<u>(22,250)</u>
Salaries Payable			
Income Tax Payable	<u>0</u>	<u>(6,408)</u>	<u>(6,408)</u>
Dividend Payable			
Notes Payable	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>
Unearned Rent Revenue			
Utilities Payable			
Interest Payable	<u>0</u>	<u>(178)</u>	<u>(178)</u>
Capital Stock			
Retained Earnings	<u>(11,502)</u>	<u>(11,502)</u>	<u>(30,051)</u>
Dividends			
Sales Revenue	<u>(261,950)</u>	<u>(261,950)</u>	<u>0</u>
Interest Revenue			
Rent Revenue			
Cost of Goods Sold	<u>164,026</u>	<u>164,026</u>	<u>0</u>
Salaries Expense			
Office Supplies Expense	<u>2,818</u>	<u>3,958</u>	<u>0</u>
Rent Expense			
Utilities Expense			
Misc. Expense			
Insurance Expense			
Postage Expense			
Interest Expense	<u>0</u>	<u>178</u>	<u>0</u>
Income Tax Expense	<u>0</u>	<u>6,408</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>