

P4.3 (LO 2, 3, 5) (Income Statement, Retained Earnings, Periodic Inventory)

Presented below is the trial balance of Thompson Ltd. at December 31, 2022.

Thompson Ltd. Trial Balance December 31, 2022		
	Debit	Credit
Purchase Discounts		£ 10,000
Cash	£ 189,700	
Accounts Receivable	105,000	
Rent Revenue		18,000
Retained Earnings		160,000
Salaries and Wages Payable		18,000
Sales Revenue		1,100,000
Notes Receivable	110,000	

Accounts Payable		49,000
Accumulated Depreciation—Equipment		28,000
Sales Discounts	14,500	
Sales Returns and Allowances	17,500	
Notes Payable		70,000
Selling Expenses	232,000	
Administrative Expenses	99,000	
Share Capital—Ordinary		300,000
Income Tax Expense	53,900	
Cash Dividends	45,000	
Allowance for Doubtful Accounts		5,000
Supplies	14,000	
Freight-In	20,000	
Land	70,000	
Equipment	140,000	
Bonds Payable		100,000
Gain on Sale of Land		30,000
Accumulated Depreciation—Buildings		19,600
Inventory	89,000	
Buildings	98,000	
Purchases	610,000	
Totals	£1,907,600	£1,907,600

A physical count of inventory on December 31 resulted in an inventory amount of £64,000; thus, cost of goods sold for 2022 is £645,000.

YORKIS PEREZ, CONSULTING ENGINEER		
TRIAL BALANCE		
DECEMBER 31, 2015		
	Debit	Credit
Cash	R\$ 29,500	
Accounts Receivable	49,600	
Allowance for Doubtful Accounts		R\$ 750
Supplies	1,960	
Prepaid Insurance	1,100	
Equipment	25,000	
Accumulated Depreciation—Equipment		6,250
Notes Payable		7,200
Yorkis Perez, Capital		35,010
Service Revenue		100,000
Rent Expense	9,750	
Salaries and Wages Expense	30,500	
Utilities Expense	1,080	
Office Expense	720	
	<u>R\$149,210</u>	<u>R\$149,210</u>

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1. Fees received in advance from clients R\$6,000.
2. Services performed for clients that were not recorded by December 31, R\$4,900.
3. Bad debt expense for the year is R\$1,430.
4. Insurance expired during the year R\$480.
5. Equipment is being depreciated at 10% per year.
6. Yorkis Perez gave the bank a 90-day, 10% note for R\$7,200 on December 1, 2015.
7. Rent of the building is R\$750 per month. The rent for 2015 has been paid, as has that for January 2016.
8. Salaries and wages earned but unpaid December 31, 2015, R\$2,510.

Instructions

- (a) From the trial balance and other information given, prepare annual adjusting entries as of December 31, 2015. (Omit explanations.)
- (b) Prepare an income statement for 2015, a statement of owner's equity, and a classified statement of financial position. Yorkis Perez withdrew R\$17,000 cash for personal use during the year.