

ACG 340 Case 3: Fargo

The adjusted trial balance of Fargo Company as of July 31, 2016 is presented below. (Read that again, think about what that means about where Fargo is in the accounting cycle.) Notice that the total debits and credits for each account are indicated (including the beginning balances) rather than the usual account balance. For example, the cash account had transactions which resulted in a total of \$67,700 debits (including the beginning balance) and a total of \$55,400 credits.

All adjusting entries have been made for the month of July 2016, **except the adjustment for inventory**. Fargo's fiscal year end is June 30.

Account	Debit	Credit
Cash	\$67,700	\$55,400
Accounts Receivable	58,000	54,400
Allowance for Doubtful Accounts	700	1,100
Inventory	60,000	
Prepaid Advertising	1,200	400
Office Supplies on Hand	1,700	1,300
Office Equipment	22,000	1,500
Accumulated Depreciation	400	7,600
Accounts Payable	31,900	40,000
Salaries Payable		800
Interest Payable		100
Dividends Payable	4,000	8,200
Notes Payable	3,000	30,000
Common Stock		12,600
Paid-In Capital in Excess of Par		20,000
Retained Earnings		19,900
Dividends Declared	7,200	
Sales		61,000
Sales Returns	2,200	
Sales Discounts	500	
Purchases	42,000	
Purchase Returns and Allowances		900
Purchase Discounts		400
Salaries Expense	9,200	
Office Supplies Expense	1,300	
Insurance Expense	700	
Advertising Expense	600	
Bad Debt Expense	500	
Miscellaneous Expense	400	
Depreciation Expense	300	
Interest Expense	<u>300</u>	
Gain on Sale of Office Equipment		<u>200</u>
Totals	<u>\$315,800</u>	<u>\$315,800</u>