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My Place, House of Décor

DESCRIPTION OF THE BUSINESS

Sophia LeBron's vast experience in interior design provided her the opportunity to open a business of her own. She organized a corporation named My Place, House of Décor that offers decorating services to customers but subcontracts the manufacture of the merchandise needed. These subcontractors are to deal directly with the customers.

After three months of successful operations, Sophia thought it would be an excellent idea to expand her business into the sale of antique furniture. She started buying merchandise inventory from a company named Golden Antiques for resale to retail stores.

Beginning on page 25, you are presented with the events that occurred in the business over a six-month period. Your responsibility is to record the transactions on a monthly basis, prepare adjusting entries, issue the interim financial statements, prepare closing entries, and finalize the accounting cycle with the preparation of the post-closing trial balance.

If you are completing the My Place, House of Décor practice case using the General Ledger software, follow the separate set of instructions provided with the data file by clicking on the Info toolbar button while you have the data file open.

OPERATIONS

- The chart of accounts on the inside front cover lists the accounts that should be used in the preparation of all journal entries.
- The business has cash sales and sales on account. The terms given on the credit sales depend on the credit history of the particular customer. Sales of merchandise are *FOB shipping point*.
- The salary assigned to My Place, House of Décor is recorded gross for the first four months, in order to follow the basic chapters of the accounting textbooks. However, the effect of payroll taxes is illustrated during the last two months in this practice case.
- The company is using the perpetual inventory system for its merchandise inventory and the specific identification method to value it. All purchases of inventory are *FOB destination*.
- Events affecting various areas of the business have been selected for the purpose of showing you their treatment in the accounting records. This will give you a more practical view of how a company's books and records are kept in the business world.

GENERAL LEDGER

ACCOUNT *Petty Cash* ACCOUNT NO. *1001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cash—Checking Account* ACCOUNT NO. *1002*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cash—Checking Account (Continued)* ACCOUNT NO. *1002*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cash—Checking Account (Concluded)* ACCOUNT NO. *1002*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Accounts Receivable* ACCOUNT NO. *1004*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Allowance for Doubtful Accounts* ACCOUNT NO. *1005*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Merchandise Inventory* ACCOUNT NO. *1007*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Supplies* ACCOUNT NO. *1009*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Prepaid Insurance* ACCOUNT NO. *1011*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Prepaid Rent* ACCOUNT NO. *1013*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Deposits* ACCOUNT NO. *1015*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Land* ACCOUNT NO. *1020*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Furniture and Fixtures* ACCOUNT NO. *1023*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Accumulated Depreciation* ACCOUNT NO. *1024*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Accounts Payable* ACCOUNT NO. *2001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Notes Payable—Short-Term* ACCOUNT NO. *2002*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Accrued Salaries* ACCOUNT NO. *2003*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cash Dividends Payable* ACCOUNT NO. *2004*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *FICA Tax Payable* ACCOUNT NO. *2005*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *SUTA Tax Payable* ACCOUNT NO. *2006*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *FUTA Tax Payable* ACCOUNT NO. *2007*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *WH Income Tax Payable* ACCOUNT NO. *2008*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Income Tax Payable* ACCOUNT NO. *2009*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Notes Payable—Long-Term* ACCOUNT NO. *2020*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Capital Stock (Common Stock)* ACCOUNT NO. *3001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Retained Earnings* ACCOUNT NO. *3007*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cash Dividends* ACCOUNT NO. *3008*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Income Summary* ACCOUNT NO. *3010*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Decorating Fees* ACCOUNT NO. *4001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Sales—Furniture* ACCOUNT NO. *4002*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Sales Discount* ACCOUNT NO. *4003*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Sales Returns and Allowances* ACCOUNT NO. *4004*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Cost of Merchandise Sold* ACCOUNT NO. *5001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Salaries Expense—Administrative* ACCOUNT NO. *5004*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
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ACCOUNT *Rent Expense* ACCOUNT NO. *5005*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
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ACCOUNT *Advertising Expense* ACCOUNT NO. *5006*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Automobile Expense* ACCOUNT NO. *5007*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Supplies Expense* ACCOUNT NO. *5008*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Insurance Expense* ACCOUNT NO. *5009*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Utilities Expense* ACCOUNT NO. *5010*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Telephone Expense* ACCOUNT NO. *5011*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Postage Expense* ACCOUNT NO. *5012*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Depreciation Expense* ACCOUNT NO. *5013*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Dues and Subscriptions Expense* ACCOUNT NO. *5014*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Uncollectible Accounts Expense* ACCOUNT NO. *5015*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Payroll Taxes Expense* ACCOUNT NO. *5018*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Interest Income* ACCOUNT NO. *6001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Interest Expense* ACCOUNT NO. *7001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Income Tax Expense* ACCOUNT NO. *8001*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNTS RECEIVABLE LEDGER

NAME *Adelle's Gift Shop*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Andrea's Gourmet Food*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Athena & Co.*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Blue Ocean Resort*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Dino's Special Moments*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Fiona's Fashion Co.*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Haute Couture Dresses*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *La Epoca Beauty Boutique*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Maribel Thompson*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Marie's Boat Shop*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Nancy's Accounting Firm*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Riviera's Café*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Roberto Andriani*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Rodriguez & Associates*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Romi Architect, P.A.*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

ACCOUNTS PAYABLE LEDGER

NAME *A & D Inc.*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

NAME *Golden Antiques*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE

My Place, House of Décor

GENERAL INSTRUCTIONS FOR JANUARY

1) Journalize the transactions listed below and on the next page and post to the ledger accounts. Omit explanations.

2) Prepare an unadjusted trial balance.

3) Journalize the adjusting entries and post to the general ledger. Adjustment data are provided on the next page.

4) Prepare an adjusted trial balance.

5) Prepare a schedule of accounts receivable. List the balance of each customer account with a balance and total the balances. Compare the total to the balance of Accounts Receivable in the general ledger.

6) Prepare an income statement for the month ended January 31, 20--.

7) Prepare a retained earnings statement for the month ended January 31, 20--.

8) Prepare a balance sheet as of January 31, 20--.

9) Complete the analysis test for January on page 27.

TRANSACTIONS FOR JANUARY

General Entries

Jan. 5 Received $60,000 from Sophia LeBron and issued 12,000 common shares of $5 par value.

5 Paid $6,000 of general liability and property insurance. The disbursement by Check No. 100 was for a complete year of service.

6 Rented an office and furniture for $2,000 per month. Issued Check No. 101 for $6,000, representing the first and last months' rent and the security deposit. (The security deposit, the last month's rent, and the current rent are to be classified separately.)

7 Issued Check No. 102 for $1,600 for the purchase of office supplies.

7 Issued Check No. 103 for $7,000 for advertising to be run in local newspapers and magazines in the month of January.

10 Roxana Perini engaged My Place, House of Décor to renovate her oceanfront condominium. Received $10,000 from Roxana Perini after services were completed.

12 Recorded $6,000 (net 30) decorating fees earned on account from Maribel Thompson to remodel her office.

Jan. 20 Received $8,000 from Frederick Lombart, a customer. These fees were related to services rendered to improve his office's lobby.

25 Recorded $12,000 (net 60) decorating fees revenue earned on account from Roberto Andriani, a long-time customer who wanted to enhance his residence's decor.

30 Issued Check No. 104 for $190 to pay the utilities bill for the month.

30 Issued Check No. 105 for $300 in payment of the telephone bill for the month.

30 Issued Check No. 106 for $200 for postage.

30 Issued Check No. 107 for $450 for business automobile expenses.

30 Issued Check No. 108 for $5,600 to Sophia LeBron for salary. *(Payroll taxes are not considered in this entry. Transactions in later months will show you how to journalize payroll tax deductions and expenses.)*

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand as of the end of the month, $1,000.

JANUARY ANALYSIS

Name _____ **Date** _____

Grade _____

From the statements you prepared for January, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedule of Accounts Receivable

2) Schedule of accounts receivable total ..... _____

Income Statement

3) Total revenue for the period (January) ..... _____

4) Total expenses ..... _____

5) Net income ..... _____

Retained Earnings Statement

6) Ending retained earnings amount transferred to balance sheet ..... _____

Balance Sheet

7) Total assets as of January 31, 20-- ..... _____

8) Total liabilities and stockholder's equity as of January 31, 20-- ..... _____

Optional (software users)

Post-Closing Trial Balance

9) Post-closing trial balance total ..... _____

JOURNAL

PAGE *1*

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1						1
2						2
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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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18		*Adjusting Entries*				18
19						19
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MY PLACE, HOUSE OF DÉCOR

Unadjusted Trial Balance

January 31, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

January 31, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Schedule of Accounts Receivable

January 31, 20--

MY PLACE, HOUSE OF DÉCOR
Income Statement
For the Month Ended January 31, 20--

MY PLACE, HOUSE OF DÉCOR
Retained Earnings Statement
For the Month Ended January 31, 20--

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
January 31, 20--

My Place, House of Décor

General Instructions for February

1) Journalize the transactions listed below and on the next page and post to the ledger accounts. Omit explanations.

2) Prepare an unadjusted trial balance.

3) Journalize the adjusting entries and post to the general ledger. Adjustment data are provided on the next page.

4) Prepare an adjusted trial balance.

5) Prepare a schedule of accounts receivable.

6) Prepare an income statement for the two months ended February 28, 20--. If not completing the optional requirements below, use only the year-to-date amount column to complete your statement.

Optional: Prepare the statement for both the month of February and the year to date. Balances in the income and expense accounts currently reflect year-to-date activity. Complete the year-to-date income statement first. To calculate February figures, subtract January figures (from last month's income statement) from the year-to-date figures.

Optional: Include vertical analysis figures in the statement by calculating the percent of each line item to total revenue.

Note: If working the set with General Ledger software, the generated statement will automatically include monthly and year-to-date figures and include percentages for vertical analysis.

7) Prepare a retained earnings statement for the two months ended February 28, 20--.

8) Prepare a balance sheet as of February 28, 20--.

9) Complete the analysis test for February on page 37.

Transactions for February

General Entries

Feb. 4 Issued Check No. 109 for $5,500 for the current month's advertising.

6 Issued Check No. 110 for $2,000 for February office rent.

7 Received $10,300 from Premier Corp. for decorating services performed throughout its office building.

Feb. 11 Received $6,000 from Maribel Thompson for decorating services performed January 12 on account.

15 Received $4,800 from Floyd and Peterson Law Firm for services performed to decorate its conference room.

22 Received $8,000 from Roberto Andriani for decorating services performed January 25 on account. Customer decided to pay part of the debt ahead of time.

25 Redecorated the restaurant facilities of Riviera's Café on account for $11,500 (net 60).

27 Issued Check No. 111 for $225 to pay the utilities bill for the month.

27 Issued Check No. 112 for $350 in payment of the telephone bill for the month.

27 Issued Check No. 113 for $230 for postage.

27 Issued Check No. 114 for $500 for business automobile expenses.

27 Issued Check No. 115 for $5,600 to Sophia LeBron for salary. *(Payroll taxes are not considered in this entry. Transactions in later months will show you how to journalize payroll tax deductions and expenses.)*

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand at the end of the month, $675.

FEBRUARY ANALYSIS

Name _____ **Date** _____

Grade _____

A. From the statements you prepared for February, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedule of Accounts Receivable

2) Schedule of accounts receivable total ..... _____

Income Statement

3) Total revenue for the two months ended February 28 ..... _____

4) Total expenses for the two months ended February 28..... _____

5) Net income for the two months ended February 28..... _____

Retained Earnings Statement

6) Ending retained earnings balance transferred to balance sheet ..... _____

Balance Sheet

7) Total assets as of February 28, 20-- ..... _____

8) Total liabilities and stockholders' equity as of February 28, 20--..... _____

Optional (software users)

Post-Closing Trial Balance

9) Post-closing trial balance total ..... _____

B. Prepare a brief paragraph stating why there is a need for adjusting and closing entries in the accounting cycle.

_____

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_____

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JOURNAL

PAGE *3*

	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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18		*Adjusting Entries*				18
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36						36
37						37

MY PLACE, HOUSE OF DÉCOR

Unadjusted Trial Balance

February 28, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

February 28, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Schedule of Accounts Receivable

February 28, 20--

MY PLACE, HOUSE OF DÉCOR

Income Statement

For the Two Months Ended February 28, 20--

	FEBRUARY		YEAR TO DATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT

MY PLACE, HOUSE OF DÉCOR

Retained Earnings Statement

For the Two Months Ended February 28, 20--

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
February 28, 20--

My Place, House of Décor

General Instructions for March

1) Journalize the transactions listed below and on the next page and post to the ledger accounts. Omit explanations.

2) Prepare an unadjusted trial balance.

3) Journalize the adjusting entries and post to the general ledger. Adjustment data are provided on the next page.

4) Prepare an adjusted trial balance.

5) Prepare a schedule of accounts receivable.

6) Prepare an income statement for the three months ended March 31, 20--. If not completing the optional requirements below, use only the year-to-date amount column to complete your statement.

Optional: Prepare the statement for both the month of March and the year to date. Balances in the income and expense accounts currently reflect year-to-date activity. Complete the year-to-date income statement first. To calculate March figures, subtract year-to-date figures of February's income statement from March's year-to-date figures.

Optional: Include vertical analysis figures in the statement by calculating the percent of each line item to total revenue.

Note: If working the set with General Ledger software, the generated statement will automatically include monthly and year-to-date figures and include percentages for vertical analysis.

7) Prepare a retained earnings statement for the three months ended March 31, 20--.

8) Prepare a balance sheet as of March 31, 20--.

9) Complete the analysis test for March on page 47.

Transactions for March

General Entries

Mar. 3 Issued Check No. 116 for $7,500 for the current month's advertising.

6 Issued Check No. 117 for $2,000 for March office rent.

8 Received $11,500 from Ruth Garcia for services rendered to decorate her living room.

13 Performed decorating services on account for Nancy's Accounting Firm for $8,600 (net 30).

Mar. 20 Performed decorating services on account for La Epoca Beauty Boutique for $18,000 (net 90).

26 Performed decorating services on account for Andrea's Gourmet Food for $4,300 (net 30).

30 Issued Check No. 118 for $280 to pay the utilities bill for the month.

30 Issued Check No. 119 for $300 in payment of the telephone bill for the month.

30 Issued Check No. 120 for $240 for postage.

30 Issued Check No. 121 for $550 for business automobile expenses.

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand at the end of the month, $250.

c) Accrued salary expense (earned but not paid) owed to Sophia LeBron, $5,600. *(Credit Accrued Salaries. Payroll taxes are not considered in this entry. Transactions in later months will show you how to journalize payroll tax deductions and expenses.)*

d) Provision for uncollectible accounts estimated at 3.0% of March credit sales, $927.

MARCH ANALYSIS

Name _____ **Date** _____

Grade _____

A. From the statements you prepared for March, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedule of Accounts Receivable

2) Schedule of accounts receivable total ..... _____

Income Statement

3) Total revenue for the three months ended March 31 ..... _____

4) Total expenses for the three months ended March 31..... _____

5) Net income for the three months ended March 31..... _____

Retained Earnings Statement

6) Ending retained earnings balance transferred to balance sheet ..... _____

Balance Sheet

7) Total assets as of March 31, 20-- ..... _____

8) Total liabilities and stockholder's equity as of March 31, 20-- ..... _____

Optional (software users)

Post-Closing Trial Balance

9) Post-closing trial balance total..... _____

B. Show the computation of uncollectible accounts expense.

_____

_____

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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MY PLACE, HOUSE OF DÉCOR

Unadjusted Trial Balance

March 31, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

March 31, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Schedule of Accounts Receivable

March 31, 20--

MY PLACE, HOUSE OF DÉCOR

Income Statement

For the Three Months Ended March 31, 20--

	MARCH		YEAR TO DATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT

MY PLACE, HOUSE OF DÉCOR

Retained Earnings Statement

For the Three Months Ended March 31, 20--

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
March 31, 20--

My Place, House of Décor

General Instructions for April

1) Journalize the transactions listed below and on the next page and post to the ledger accounts. Omit explanations.

2) Prepare an unadjusted trial balance.

3) Journalize the adjusting entries and post to the general ledger. Adjustment data are provided on the next page.

4) Prepare an adjusted trial balance.

5) Prepare a schedule of accounts receivable and a schedule of accounts payable.

6) Prepare an income statement for the four months ended April 30, 20--. If not completing the optional requirements below, use only the year-to-date amount column to complete your statement.

Optional: Prepare the statement for both the month of April and the year to date. Balances in the income and expense accounts currently reflect year-to-date activity. Complete the year-to-date income statement first. To calculate April figures, subtract year-to-date figures of March's income statement from April's year-to-date figures.

Optional: Include vertical analysis figures in the statement by calculating the percent of each line item to total revenue.

Note: If working the set with General Ledger software, the generated statement will automatically include monthly and year-to-date figures and include percentages for vertical analysis.

7) Prepare a retained earnings statement for the three months ended April 30, 20--.

8) Prepare a balance sheet as of April 30, 20--.

9) Complete the analysis test for April on page 57.

Transactions for April

General Entries

Apr. 2 Issued Check No. 122 to Sophia LeBron for accrued salary of $5,600.

4 Issued Check No. 123 for $350 to establish a petty cash fund.

5 Issued Check No. 124 for $6,800 for the current month's advertising.

6 Issued Check No. 125 for $2,000 for April office rent.

6 Received $12,500 from John Chui for services to decorate the family room of his home.

Apr. 7 Purchased supplies on account from A & D Inc. for $1,800 (net 30).

8 Purchased merchandise on account from Golden Antiques for $16,000 (net 60).

10 Wrote off as uncollectible the balance on the account of Roberto Andriani.

11 Decorated Adelle's Gift Shop, charging $10,800 on account (net 30).

12 Received payment on account from Nancy's Accounting Firm for services performed on March 13.

15 Received $5,000 cash from the sale of a Louis XV antique table. The cost was $4,250.

19 Performed decorating services on account for Athena & Co. for $19,000 (net 60).

20 Received $10,000 cash from the sale of an art deco sofa and chairs. The cost was $6,500.

25 Received $4,300 on account from Andrea's Gourmet Food for services performed on March 26.

26 Performed services on account for Blue Ocean Resort for $32,000 (net 60) in connection with decorating its new store.

26 Received $11,500 on account from Riviera's Café for services performed on February 25.

29 Issued Check No. 126 for $230 to pay the utilities bill for the month.

29 Issued Check No. 127 for $350 in payment of the telephone bill for the month.

29 Issued Check No. 128 for $235 for postage.

29 Issued Check No. 129 for $550 for business automobile expenses.

29 Issued Check No. 130 for $7,500 to Sophia LeBron for salary. *(Payroll taxes are not considered in this entry. Transactions in later months will show you how to journalize payroll tax deductions and expenses.)*

29 Issued Check No. 131 to replenish petty cash. The expenditures were for supplies used, $150, and postage, $75.

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand at the end of the month, $1,100.

c) Provision for uncollectible accounts estimated at 3.0% of April credit sales, $1,854.

APRIL ANALYSIS

Name _____ **Date** _____

Grade _____

A. From the statements you prepared for April, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedules of Accounts Receivable and Payable

2) Schedule of accounts receivable total ..... _____

3) Schedule of accounts payable total ..... _____

Income Statement

4) Total revenue for the four months ended April 30 ..... _____

5) Total expenses for the four months ended April 30 ..... _____

6) Net income for the four months ended April 30 ..... _____

Retained Earnings Statement

7) Ending retained earnings balance transferred to balance sheet ..... _____

Balance Sheet

8) Total assets as of April 30, 20-- ..... _____

9) Total liabilities as of April 30, 20-- ..... _____

10) Total stockholder's equity as of April 30, 20-- ..... _____

Optional (software users)

Post-Closing Trial Balance

11) Post-closing trial balance total ..... _____

B. Show the computation of uncollectible accounts expense.

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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18		*Adjusting Entries*				18
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MY PLACE, HOUSE OF DÉCOR

Unadjusted Trial Balance

April 30, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

April 30, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Schedule of Accounts Receivable

April 30, 20--

MY PLACE, HOUSE OF DÉCOR

Schedule of Accounts Payable

April 30, 20--

MY PLACE, HOUSE OF DÉCOR

Income Statement

For the Four Months Ended April 30, 20--

	APRIL		YEAR TO DATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT

MY PLACE, HOUSE OF DÉCOR

Retained Earnings Statement

For the Four Months Ended April 30, 20--

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
April 30, 20--

May 6 Issued Check No. 133 for $3,000 for May office rent. The company expanded its office space to accommodate its new furniture business. No additional moneys were requested as prepayments.

6 Received $13,600 from Marble Tile Co. for decorating services.

7 Issued Check No. 134 for $1,800 on account to A & D Inc. for the purchase of supplies on April 7.

8 Purchased supplies on account from A & D Inc. for $3,200 (net 30).

8 Purchased merchandise on account from Golden Antiques for $55,000 (net 60).

9 Performed services on account for Marie's Boat Shop for $28,000 (net 60).

10 Received $18,000 cash from the sales of an antique office table and a chair. The cost of the merchandise was $11,250.

11 Received $10,800 cash on account from Adelle's Gift Shop.

20 Sold an antique dining room set on account to Romi Architect, P.A. for $21,000 (terms 2/15, net 60). The cost of the merchandise was $13,125.

25 Performed decorating services on account for Haute Couture Dresses for $15,000 (net 60).

30 Issued Check No. 135 for $240 to pay the utilities bill for the month.

30 Issued Check No. 136 for $320 in payment of the telephone bill for the month.

30 Issued Check No. 137 for $350 for postage.

30 Issued Check No. 138 for $600 for business automobile expenses.

30 Issued Check No. 139 to Sophia LeBron for salary: gross amount $7,500, withholding income tax of $1,500, and FICA (Medicare and Social Security) at 7.5%.

30 Recorded the payroll tax expenses: FICA at 7.5% (employer), SUTA at 3%, and FUTA at 0.8%. *(Ignore the salary limit amount for SUTA and FUTA.)*

30 Issued Check No. 140 to replenish petty cash. The expenditures were for supplies used, $85, and auto expenses, $150.

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand at the end of the month, $3,375.

c) Provision for uncollectible accounts estimated at 3.0% of May credit sales, $1,290. *(Note: This estimate applies only to the service part of the business.)*

d) Monthly depreciation on plant (fixed) assets is based on an 8-year life, no salvage value, and the straight-line method of depreciation.

MAY ANALYSIS

Name _____ **Date** _____

Grade _____

From the statements you prepared for May, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedules of Accounts Receivable and Payable

2) Schedule of accounts receivable total ..... _____

3) Schedule of accounts payable total ..... _____

Income Statement

4) Total revenues for the five months ended May 31 ..... _____

5) Depreciation expense for May ..... _____

6) Total expenses for the five months ended May 31 ..... _____

7) Net income for the five months ended May 31 ..... _____

Retained Earnings Statement

8) Ending retained earnings balance transferred to balance sheet ..... _____

Balance Sheet

9) Book value of furniture and fixtures ..... _____

10) Total assets as of May 31, 20-- ..... _____

11) Total liabilities as of May 31, 20-- ..... _____

12) Total stockholder's equity as of May 31, 20-- ..... _____

Optional (software users)

Post-Closing Trial Balance

13) Post-closing trial balance total ..... _____

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MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

May 31, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR
Schedule of Accounts Receivable
May 31, 20--

MY PLACE, HOUSE OF DÉCOR
Schedule of Accounts Payable
May 31, 20--

MY PLACE, HOUSE OF DÉCOR

Income Statement

For the Five Months Ended May 31, 20--

	MAY		YEAR TO DATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT

MY PLACE, HOUSE OF DÉCOR

Retained Earnings Statement

For the Five Months Ended May 31, 20--

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
May 31, 20--

GENERAL INSTRUCTIONS FOR JUNE

1) Journalize the transactions listed on pages 80 and 81 and post to the ledger accounts. Omit explanations.

2) Prepare an unadjusted trial balance.

3) Journalize the adjusting entries and post to the general ledger. Adjustment data are provided on page 81.

4) Prepare an adjusted trial balance.

5) Prepare a schedule of accounts receivable and a schedule of accounts payable.

6) Prepare an income statement for the six months ended June 30, 20--. If not completing the optional requirements below, use only the year-to-date amount column to complete your statement.

Optional: Prepare the statement for both the month of June and the year to date. Balances in the income and expense accounts currently reflect year-to-date activity. Complete the year-to-date income statement first. To calculate June figures, subtract year-to-date figures of May's income statement from June's year-to-date figures.

Optional: Include vertical analysis figures in the statement by calculating the percent of each line item to total revenue.

Note: If working the set with General Ledger software, the generated statement will automatically include monthly and year-to-date figures and include percentages for vertical analysis.

7) Prepare a retained earnings statement for the six months ended June 30, 20--.

8) Prepare a balance sheet as of June 30, 20--.

9) Complete the analysis test for June on page 82.

_____ *Closing Process (Optional)* _____

(It is recommended that the following steps be performed at the end of the six months.)

Additional steps for closing the books at the end of June:

10) Journalize the closing entries and post to the general ledger.

11) Prepare a post-closing trial balance.

TRANSACTIONS FOR JUNE

General Entries

Jun. 3 Issued Check No. 141 for $18,500 for one month's advertising.

3 Issued Check No. 142 to make the first payment on the note, including interest of $142.

4 Received cash on account from Romi Architect, P.A. from May sale. The customer paid within the discount period.

6 Issued Check No. 143 for $3,000 for June office rent.

7 Issued Check No. 144 for $18,000 to pay Golden Antiques on account.

7 Received $25,000 from Supreme Hotel for decorating services.

7 Issued Check No. 145 for $3,200 to pay A & D Inc. on account.

10 Purchased merchandise on account from Golden Antiques for $45,000 (net 60).

10 Performed services on account for Fiona's Fashion Co. for $21,700 (net 30).

14 Received $26,500 cash from the sale of an antique chest. The cost of the merchandise was $16,560.

18 Received $19,000 cash on account from Athena & Co. for services performed on April 19.

19 Received $18,000 cash on account from La Epoca Beauty Boutique for services performed on March 20.

19 Received $35,000 from Innovational Ways, Inc. for decorating its entire office building.

19 Sold an antique mirror and lamp on account to Dino's Special Moments for $26,000 (net 30). The cost of the merchandise was $16,250.

21 Performed decorating services on account for Rodriguez & Associates for $17,000 (net 60).

21 Received back $8,000 worth of the merchandise that was purchased by Dino's Special Moments on June 19. The cost of the merchandise was $5,000.

25 Received $32,000 cash on account from Blue Ocean Resort for services performed on April 26.

27 Issued Check No. 146 as a 30% down payment on land with a purchase price of $31,000. Financed the remaining balance with a 12% long-term loan.

29 Issued Check No. 147 for $325 to pay the utilities bill for the month.

29 Issued Check No. 148 for $350 in payment of the telephone bill for the month.

29 Issued Check No. 149 for $450 for postage.

29 Issued Check No. 150 for $775 for business automobile expenses.

29 Issued Check No. 151 to Sophia LeBron for salary: gross amount $7,500, withholding income tax of $1,500, and FICA (Medicare and Social Security) at 7.5%.

29 Recorded the payroll tax expenses, FICA at 7.5% (employer), SUTA at 3%, and FUTA at 0.8%. *(Ignore the salary limit amount for SUTA and FUTA.)*

Jun. 29 Issued Check No. 152 to replenish petty cash. The expenditures were for supplies, $115, and postage expense, $70.

29 Issued Check No. 153 for $3,500 to Sophia LeBron as dividends. *(Ignore the declaration and record dates.)*

Adjusting Entries

a) Expired insurance for the period, $500.

b) Supplies on hand at the end of the month, $2,850.

c) Provision for uncollectible accounts estimated at 3.0% of June credit sales, $1,161. *(Note: This estimate applies only to the service part of the business.)*

d) Monthly depreciation on plant (fixed) assets is based on an 8-year life, no salvage value, and the straight-line method of depreciation.

Closing Entries (Optional)

a) Close the revenue accounts.

b) Close the expense accounts.

c) Close the income summary account.

d) Close the dividends account.

JUNE ANALYSIS

Name _____ **Date** _____

Grade _____

A. From the statements you prepared for June, provide the following amounts:

Adjusted Trial Balance

1) Trial balance totals ..... _____

Schedules of Accounts Receivable and Payable

2) Schedule of accounts receivable total ..... _____

3) Schedule of accounts payable total ..... _____

Income Statement

4) Net revenues for the six months ended June 30 ..... _____

5) Gross profit for the six months ended June 30 ..... _____

6) Total operating expenses for the six months ended June 30 ..... _____

7) Net income for the six months ended June 30 ..... _____

Retained Earnings Statement

8) Ending retained earnings balance transferred to balance sheet ..... _____

Balance Sheet

9) Total current assets as of June 30, 20-- ..... _____

10) Total property, plant, and equipment as of June 30, 20-- ..... _____

11) Total current liabilities as of June 30, 20-- ..... _____

12) Total stockholder's equity as of June 30, 20-- ..... _____

Optional (if closing is performed at the end of the six months)

Post-Closing Trial Balance

13) Post-closing trial balance total ..... _____

B. Show the computation of uncollectible accounts expense.

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25		*Adjusting Entries*				25
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MY PLACE, HOUSE OF DÉCOR

Unadjusted Trial Balance

June 30, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR

Adjusted Trial Balance

June 30, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT

MY PLACE, HOUSE OF DÉCOR
Schedule of Accounts Receivable
June 30, 20--

MY PLACE, HOUSE OF DÉCOR
Schedule of Accounts Payable
June 30, 20--

MY PLACE, HOUSE OF DÉCOR
Retained Earnings Statement
For the Six Months Ended June 30, 20--

MY PLACE, HOUSE OF DÉCOR

Income Statement

For the Six Months Ended June 30, 20--

	JUNE		YEAR TO DATE	
	AMOUNT	PERCENT	AMOUNT	PERCENT

MY PLACE, HOUSE OF DÉCOR
Balance Sheet
June 30, 20--

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
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MY PLACE, HOUSE OF DÉCOR

Post-Closing Trial Balance

June 30, 20--

ACCT. NO.	ACCOUNT TITLE	DEBIT	CREDIT