

CHAPTER 5

Completing the accounting cycle

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and closing entries

5.2 Preparation of worksheet, financial statements
and closing entries

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DEMONSTRATION PROBLEM

The unadjusted trial balance for J. Meadows, Solicitor at the end of the current year is presented below.

J. MEADOWS, SOLICITOR Unadjusted Trial Balance as at 31 December 2003		
Account title	Debit	Credit
Cash at bank	\$ 9 880	
Accounts receivable	4 310	
Prepaid rent	1 500	
Prepaid insurance	1 320	
Office supplies inventory	1 280	
Office equipment	4 000	
Accumulated depreciation—office equipment		\$ 2 400
Accounts payable		630
Unearned fees		1 800
Bills payable		3 000
Jane Meadows, Capital		10 000
Jane Meadows, Drawings	36 000	
Fees revenue		79 320
Salary expense	25 200	
Rent expense	5 000	
Telephone expense	2 490	
Research expense	4 310	
Travel expense	1 860	
	<u>\$97 150</u>	<u>\$97 150</u>

Additional information needed to adjust the accounts is:

1. The office supplies inventory determined by physical count was \$620.
2. The balance in the Prepaid Rent account was for 3 months' rent paid on 1 November.
3. Unpaid salaries earned by employees amounted to \$1300.
4. Insurance expired during the period, \$600.
5. The balance in the Unearned Fees account consisted of advance payments of \$700 for law services to be performed next year. The remaining advance payments were generated in this period.
6. Estimated depreciation on office equipment, \$800.
7. Accrued interest on bills payable due on 15 January was \$210.
8. Travel expenses incurred by employees but unpaid were \$220.

Required:

- A. Prepare a 10-column worksheet.
- B. Prepare closing entries.
- C. Prepare any reversing entries.

(continued)

Solution to demonstration problem

A.

J. MEADOWS, SOLICITOR Worksheet for the year ended 31 December 2003										
Account title	Unadjusted trial balance		Adjustments		Adjusted trial balance		Statement of financial performance		Statement of financial position	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash at Bank	9 880				9 880				9 880	
Accounts Receivable	4 310				4 310				4 310	
Prepaid Rent	1 500			(b) 1 000	500				500	
Prepaid Insurance	1 320			(d) 600	720				720	
Office Supplies Inventory	1 280			(a) 660	620				620	
Office Equipment	4 000				4 000				4 000	
Accumulated Depreciation— Office Equipment		2 400		(f) 800		3 200				3 200
Accounts Payable		630				630				630
Unearned Fees		1 800	(e) 1 100			700				700
Bills Payable		3 000				3 000				3 000
Jane Meadows, Capital		10 000				10 000				10 000
Jane Meadows, Drawings	36 000				36 000				36 000	
Fees Revenue		79 320		(e) 1 100		80 420	80 420			
Salary Expense	25 200		(c) 1 300		26 500		26 500			
Rent Expense	5 000		(b) 1 000		6 000		6 000			
Telephone Expense	2 490				2 490		2 490			
Research Expense	4 310				4 310		4 310			
Travel Expense	1 860		(h) 220		2 080		2 080			
	<u>97 150</u>	<u>97 150</u>								
Office Supplies Expense			(a) 660		660		660			
Salaries Payable				(c) 1 300		1 300				1 300
Insurance Expense			(d) 600		600		600			
Depreciation Expense— Office Equipment			(f) 800		800		800			
Interest Expense			(g) 210		210	210	210			
Interest Payable				(g) 210		220				210
Travel Expense Payable				(h) 220						220
			<u>5 890</u>	<u>5 890</u>	<u>99 680</u>	<u>99 680</u>	<u>43 650</u>	<u>80 420</u>	<u>56 030</u>	<u>19 260</u>
Net profit for the period							<u>36 770</u>			<u>36 770</u>
							<u>80 420</u>	<u>80 420</u>	<u>56 030</u>	<u>56 030</u>

(continued)

B.

2003		Closing entries		
Dec.	31	Fees Revenue	80 420	
		Profit and Loss Summary		80 420
		To close the revenue account.		
	31	Profit and Loss Summary	43 650	
		Salary Expense		26 500
		Rent Expense		6 000
		Telephone Expense		2 490
		Research Expense		4 310
		Travel Expense		2 080
		Office Supplies Expense		660
		Insurance Expense		600
		Depreciation Expense—		
		Office Equipment		800
		Interest Expense		210
		To close the expense accounts.		
	31	Profit and Loss Summary	36 770	
		Jane Meadows, Capital		36 770
		To close the Profit and Loss Summary account.		
	31	Jane Meadows, Capital	36 000	
		Jane Meadows, Drawings		36 000
		To close the Drawings account.		

C.

2004		Reversing entries		
Jan.	1	Salaries Payable	1 300	
		Salaries Expense		1 300
		To reverse accrued salaries.		
	1	Interest Payable	210	
		Interest Expense		210
		To reverse accrued interest.		
	1	Travel Expense Payable	220	
		Travel Expense		220
		To reverse accrued travel expenses.		

ADDITIONAL PROBLEMS

Problem 5.1

Preparation of worksheet, financial statements and closing entries

The ledger of Dr David Blaxland, General Practitioner, contains the following accounts and account balances on 30 June 2003.

Account	Debit	Credit
Cash at Bank	\$ 4 800	
Accounts Receivable	9 260	
Supplies Inventory	1 140	
Land	25 600	
Building	146 000	
Accumulated Depreciation—Building		\$ 43 800
Medical Equipment	13 500	
Accumulated Depreciation—Medical Equipment		6 420
Accounts Payable		7 960
Unearned Consultation Fees		1 560
Mortgage Payable		88 600
D. Blaxland, Capital		42 070
D. Blaxland, Drawings	52 780	
Consultation Fees Earned		156 860
Insurance Expense	1 660	
Salaries Expense	87 940	
Electricity Expense	760	
Interest Expense	2 090	
Telephone Expense	1 740	
	\$347 270	\$347 270

The following account titles are included in the chart of accounts:

Prepaid Insurance	Depreciation Expense
Telephone Expense Payable	Interest Payable
Supplies Expense	

The following additional information is also available:

1. According to a physical inventory count, supplies totalling \$310 are on hand at 30 June.
2. The balance in the Unearned Consultation Fees account includes \$160 earned for services rendered in the last week of June.
3. Estimated depreciation on the medical equipment is \$2480. Depreciation on the building is \$7300.
4. A 6-month insurance policy was purchased on 1 March for \$900.
5. The June monthly mortgage payment of \$900 has not been paid or recorded. In each payment, \$190 is attributable to interest.
6. The June telephone account for \$136 is unrecorded.

Required:

- A. Prepare a 10-column worksheet for the year ended 30 June 2003.
- B. Prepare a statement of financial performance, a statement of owner's equity and a statement of financial position.
- C. Journalise the closing entries.

Solution

DR DAVID BLAXLAND, MEDICAL PRACTITIONER
Worksheet for the year ended 30 June 2003

Account title	Unadjusted trial balance		Adjustments		Adjusted trial balance		Statement of financial performance		Statement of financial position	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash at Bank	4 800				4 800				4 800	
Accounts Receivable	9 260				9 260				9 260	
Supplies Inventory	1 140			(1) 830	310				310	
Land	25 600				25 600				25 600	
Building	146 000				146 000				146 000	
Acc. Depr. Building		43 800		(3) 7 300		51 100				51 100
Medical Equipment	13 500				13 500				13 500	
Accum. Depr. Equipment		6 420		(3) 2 480		8 900				8 900
Accounts Payable		7 960				7 960				7 960
Unearned Consultation Fees		1 560	(2) 160			1 400				1 400
Mortgage Payable		88 600				88 600				88 600
D. Blaxland - Capital		42 070				42 070				42 070
D. Blaxland - Drawings	52 780				52 780			157 020	52 780	
Consultation Fees Revenue		156 860		(2) 160		157 020				
Insurance Expense	1 660			(4) 300	1 360		1 360			
Salaries Expense	87 940				87 940		87 940			
Electricity Expense	760				760		760			
Interest Expense	2 090		(5) 190		2 280		2 280			
Telephone Expense	1 740		(6) 136		1 876		1 876			
	347 270	347 270								
Supplies Expense			(1) 830		830		830			
Depr. Exp. Building			(3) 7 300		7 300		7 300			
Depr. Exp. - Equipment			(3) 2 480		2 480		2 480			
Prepaid Insurance			(4) 300		300				300	
Interest Payable				(5) 190		190				190
Telephone Expense Payable				(6) 136		136				136
			11 396	11 396	357 376	357 376	104 826	157 020	252 550	200 356
							52 194			52 194
Net profit for the year								157 020	252 550	252 550

B:

DAVID BLAXLAND, MEDICAL PRACTITIONER
Statement of Financial Performance
for the year ended 30 June 2003

REVENUE:		
	Consultation fees revenue	\$157 020
EXPENSES:		
	Supplies expense	\$830
	Depreciation expense - building	7 300
	Depreciation expense - equipment	2 480
	Insurance expense	1 360
	Salaries expense	87 940
	Electricity expense	760
	Interest expense	2 280
	Telephone expense	<u>1 876</u>
NET PROFIT		<u><u>104 826</u></u> <u><u>\$52 194</u></u>

DAVID BLAXLAND, MEDICAL PRACTITIONER
Statement of Owner's Equity
for the year ended 30 June 2003

David Blaxland, Capital - 1 July 2002	\$42 070
Net profit for the year	<u>52 194</u>
	94 264
Drawings during the year	<u>(52 780)</u>
David Blaxland, Capital - 30 June 2003	<u><u>\$41 484</u></u>

DAVID BLAXLAND, MEDICAL PRACTITIONER
Statement of Financial Position
as at 30 June 2003

CURRENT ASSETS:			
	Cash at bank	\$4 800	
	Accounts receivable	9 260	
	Prepaid insurance	300	
	Supplies inventory	<u>310</u>	\$14 670
NON-CURRENT ASSETS:			
	Land	25 600	
	Building	\$146 000	
	Less: Accum. depr. - building	<u>51 100</u>	94 900
	Medical equipment	13 500	
	Less: Accum. depr. - equipment	<u>8 900</u>	<u>4 600</u>
TOTAL ASSETS			<u><u>139 770</u></u>
CURRENT LIABILITIES:			
	Accounts payable	7 960	
	Unearned consultation fees	1 400	
	Interest payable	190	
	Telephone expense payable	136	
	Current portion of mortgage payable*	<u>9 230</u>	18 916
NON-CURRENT LIABILITIES:			
	Mortgage payable		<u>79 370</u>
TOTAL LIABILITIES			<u><u>98 286</u></u>
NET ASSETS			<u><u>\$41 484</u></u>
OWNER'S EQUITY:			
	D. Blaxland, Capital		<u><u>\$41 484</u></u>
TOTAL OWNER'S EQUITY			<u><u>\$41 484</u></u>

*Current portion of mortgage payable = 13 months x \$710 per month.

(continued)



WILEY

C.

General Journal
Closing entries

Consultation Fees Revenue	157 020	
Profit and Loss Summary		157 020
To close revenue accounts.		
Profit and Loss Summary	104 826	
Supplies Expense		930
Depreciation Expense - Building		7 300
Depreciation Expense - Equipment		2 480
Insurance Expense		1 360
Salaries Expense		87 940
Electricity Expense		760
Interest Expense		2 280
Telephone Expense		1 876
To close expense accounts.		
Profit and Loss Summary	52 194	
D. Blaxland, Capital		52 194
To transfer profit to capital.		
D. Blaxland, Capital	52 780	
D. Blaxland, Drawings		52 780
To close drawings to capital.		

Problem 5.2**Preparation of worksheet, financial statements and closing entries**

Executive Travel had the following unadjusted trial balance prepared on 30 June 2003, the end of the accounting year.

EXECUTIVE TRAVEL Unadjusted Trial Balance as at 30 June 2003		
Account title	Debit	Credit
Cash at bank	\$ 6 900	
Trade debtors	5 340	
Prepaid rent	2 800	
Office supplies inventory	810	
Office equipment	17 280	
Accumulated depreciation—office equipment		\$ 6 210
Trade creditors		3 940
Bank loan		10 000
Joy Trayner, Capital		7 880
Joy Trayner, Drawings	26 310	
Fees earned		60 480
Rent expense	7 000	
Wages expense	19 480	
Telephone expense	2 590	
	<u>\$ 88 510</u>	<u>\$ 88 510</u>

Consider the following information for making year-end adjustments:

1. Rent of \$2800 for the 4-month period beginning 1 May was paid in advance.
2. A physical inventory count showed supplies totalling \$290 were on hand at 30 June.
3. Depreciation on the office equipment is \$2320.
4. Interest accrued on the bank loan amounts to \$1470.

Required:

- A. Prepare a 10-column worksheet for the year ended 30 June 2003.
- B. Prepare a statement of financial performance, a statement of owner's equity and a statement of financial position.
- C. Journalise the closing entries.

B.

EXECUTIVE TRAVEL
Statement of Financial Performance
for the year ended 30 June 2003

REVENUE:		
	Fees earned	\$60 480
EXPENSES:		
	Supplies expense	\$520
	Depreciation expense	2 320
	Interest expense	1 470
	Wages expense	19 480
	Rent expense	8 400
	Telephone expense	<u>2 590</u>
NET PROFIT		<u><u>34 780</u></u> <u>\$25 700</u>

EXECUTIVE TRAVEL
Statement of Owner's Equity
for the year ended 30 June 2003

Joy Trayner, Capital - 1 July 2002	\$7 880
Net profit for the year	<u>25 700</u>
	33 580
Drawings during the year	<u>(26 310)</u>
Joy Trayner, Capital - 30 June 2003	<u><u>\$7 270</u></u>

EXECUTIVE TRAVEL
Statement of Financial Position
as at 30 June 2003

CURRENT ASSETS		
	Cash at bank	6 900
	Trade Debtors	5 340
	Prepaid Rent	1 400
	Office Supplies inventory	<u>290</u>
TOTAL CURRENT ASSETS		13 930
NON CURRENT ASSETS		
	Office equipment	17 280
	Accumulated Deprn - Office equipment	<u>(8 530)</u>
TOTAL NON-CURRENT ASSETS		<u>8 750</u>
TOTAL ASSETS		<u><u>\$22 680</u></u>
CURRENT LIABILITIES		
	Trade creditors	3 940
	Interest payable	<u>1 470</u>
TOTAL CURRENT LIABILITIES		5 410
NON-CURRENT LIABILITIES		
	Bank loan	<u>10 000</u>
TOTAL NON-CURRENT LIABILITIES		<u>10 000</u>
TOTAL LIABILITIES		<u>15 410</u>
NET ASSETS		<u><u>\$7 270</u></u>
OWNER'S EQUITY		
	Joy Trayner, Capital	7 270
TOTAL OWNER'S EQUITY		<u><u>\$7 270</u></u>

(continued)

C.

General Journal
Closing Entries

1. Fees earned	60 480	
Profit & Loss Summary		60 480
Close revenue to Profit & Loss Summary		
2. Profit & Loss Summary	34 780	
Supplies expense		520
Depreciation expense		2 320
Interest expense		1 470
Wages expense		19 480
Rent expense		8 400
Telephone expense		2 590
Close expense a/c to Profit & Loss Summary		
3. Profit & Loss Summary	25 700	
Joy Trayner, Capital A/c		25 700
Close Profit & Loss Summary to Capital A/c		
4. Joy Trayner, Capital A/c	26 310	
Joy Trayner, Drawings A/c		26 310
Close drawings to Capital A/c		

Problem 5.3 The complete accounting cycle

The post-closing trial balance of Southern Cross Consulting is shown below:

SOUTHERN CROSS CONSULTING Post-Closing Trial Balance as at 30 June 2004			
Account title	Acct no.	Debit	Credit
Cash at bank	1100	\$ 7 440	
Accounts receivable	1101	5 900	
Prepaid rent	1102	760	
Office supplies inventory	1106	820	
Furniture and equipment	1110	17 950	
Accumulated depreciation—furniture and equipment	1111		\$ 6 080
Accounts payable	2200		3 400
Salaries payable	2201		260
N. Kelly, Capital	3000		23 130
		<u>\$32 870</u>	<u>\$32 870</u>

Transactions completed during the year ended 30 June 2005 are summarised below:

1. Collections on accounts receivable totalled \$51 820.
 2. Consulting fees of \$55 720 were receivable during the year. Clients are invoiced after their appointments and are given 30 days in which to pay.
 3. Rent paid in advance was \$9120.
 4. Office supplies were purchased during the year for \$110 in cash and \$260 on credit.
 5. N. Kelly withdrew \$13 960 for private use.
 6. Salary payments amounted to \$19 960, of which \$260 was for salaries accrued to the end of the year ending 30 June 2004.
 7. Advertising totalling \$1900 was purchased on credit.
 8. Electricity expense of \$2070 was paid.
 9. Accounts payable of \$1660 were paid.
- The following additional information should be considered for adjusting entries.
10. Unused office supplies on hand at the end of the year totalled \$420.
 11. Depreciation on the furniture and equipment is \$2680.
 12. Rent for 6 months of \$4560 was paid in advance on 1 August and 1 February.
 13. Salaries earned but not paid amount to \$540.

(continued)

Required:

- A. Prepare the company's ledger by opening T accounts for the accounts listed in the post-closing trial balance and for the accounts listed below. Post the 30 June 2004 balances.

Account title	Account number
N. Kelly, Drawings	3301
Profit and Loss Summary	3320
Consulting Fees Revenue	4400
Salaries Expense	5500
Electricity Expense	5503
Advertising Expense	5504
Depreciation Expense	5505
Rent Expense	5512
Office Supplies Expense	5513

- B. Prepare journal entries to record the transactions completed (numbers 1–9) during 2005.
- C. Post the entries to the T accounts.
- D. Prepare a 10-column worksheet for the year ended 30 June 2005.
- E. Prepare a statement of financial performance, a statement of owner's equity and a statement of financial position.
- F. Journalise and post the adjusting entries.
- G. Journalise and post the closing entries.
- H. Prepare a post-closing trial balance.

Solution

SOUTHERN CROSS CONSULTING

Cash at Bank			1100	Accounts Receivable			1101
30/6/02	7 440	(3)	9 120	30/6/02	5 900	(2)	51 820
(2)	51 820	(4)	110	(1)	55 720	Bal. c/d	9 800
		(5)	19 960		<u>61 620</u>		<u>61 620</u>
		(6)	2 070				
		(8)	1 660	Bal. b/d	9 800		
		(9)	13 960				
		Bal. c/d	12 380				
	<u>59 260</u>		<u>59 260</u>				
Bal. b/d	12 380						

Prepaid Rent			1102	Office Supplies Inventory			1106
30/6/02	760	(11)	9 120	30/6/02	820	(12)	770
(3)	9 120	Bal. c/d	760	(4)	370	Bal. c/d	420
	<u>9 880</u>		<u>9 880</u>		<u>1 190</u>		<u>1 190</u>
Bal. b/d	760			Bal. b/d	420		

Furniture and Equipment			1110	Accum. Depr - Furn. & Equip.			1111
30/6/02	17 950			Bal. c/d	8 760	30/6/02	6 080
						(10)	2 680
					<u>8 760</u>		<u>8 760</u>
						Bal. b/d	8 760

Accounts Payable		2200	Salaries Payable		2201		
(8)	1 660	30/6/02	3 400	(5)	260	30/6/02	260
Bal. c/d	3 900	(4)	260	Bal. c/d	540	(13)	540
		(7)	1 900		800		800
	5 560		5 560				
		Bal. b/d	3 900			Bal. b/d	540

(continued)

N. Kelly, Capital		3000	N. Kelly, Drawings		3301
(d)	13 960	30/6/02	23 130	(9)	13 960
Bal. c/d	28 110	(c)	18 940		
	<u>42 070</u>		<u>42 070</u>		
		Bal. b/d	28 110		

Note: a, b, c, and d indicate closing entries

Profit and Loss Summary		3320	Consulting Fees Revenue		4400
(b)	36 780	(a)	55 720	(1)	55 720
(c)	18 940				
	<u>55 720</u>		<u>55 720</u>		

Salaries Expense		5500	Electricity Expense		5503
(5)	19 700	(b)	20 240	(6)	2 070
(13)	540				
	<u>20 240</u>		<u>20 240</u>		

Advertising Expense		5504	Depr. Exp. Furn. and Equip.		5505
(7)	1 900	(b)	1 900	(10)	2 680
	<u>1 900</u>		<u>1 900</u>		

Rent Expense		5512	Office Supplies Expense		5513
(11)	9 120	(b)	9 120	(12)	770
	<u>9 120</u>		<u>9 120</u>		

Note: a, b, c, and d indicate closing entries

(continued)

B.

General Journal

1. Accounts Receivable	1101	55 720	
Counselling Fees Revenue	4400		55 720
To record fees receivable for year.			
2. Cash at Bank	1100	51 820	
Accounts Receivable	1101		51 820
To record collections of receivables.			
3. Prepaid Rent	1102	9 120	
Cash at Bank	1100		9 120
To record rent paid for in advance.			
4. Office Supplies Inventory	1106	370	
Cash at Bank	1100		110
Accounts Payable	2200		260
To record office supplies purchased.			
5. Salaries Payable	2201	260	
Salaries Expense	5500	19 700	
Cash at Bank	1100		19 960
To record salaries paid.			
6. Electricity Expense	5503	2 070	
Cash at Bank	1100		2 070
To record payments for electricity.			
7. Advertising Expense	5504	1 900	
Accounts Payable	2200		1 900
To record purchase of advertising.			
8. Accounts Payable	200	1 660	
Cash at Bank	100		1 660
To record payment to creditors.			
9. N.Kelly, Drawings	3301	13 960	
Cash at Bank	1100		13 960
To record drawings by owner.			

E.

SOUTHERN CROSS CONSULTING
Statement of Financial Performance
for the year ended 30 June 2005

REVENUE:

Consulting fees revenue	\$55 720
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EXPENSES:

Salaries expense	\$20 240
Electricity expense	2 070
Advertising expense	1 900
Depreciation exp.	2 680
Rent expense	9 120
Office supplies expense	<u>770</u>
	<u>36 780</u>

NET PROFIT

\$18 940

SOUTHERN CROSS CONSULTING
Statement of Owner's Equity
for the year ended 30 June 2005

N.Kelly, Capital - 30 June 2004	\$23 130
Net profit for the year	<u>18 940</u>
	42 070
Drawings during the year	<u>(13 960)</u>
N.Kelly, Capital - 30 June 2005	<u>\$28 110</u>

(continued)

SOUTHERN CROSS CONSULTING
Statement of Financial Position
as at 30 June 2005

CURRENT ASSETS:		
Cash at bank	\$12 380	
Accounts receivable	9 800	
Prepaid rent	760	
Office supplies inventory	<u>420</u>	\$23 360
NON-CURRENT ASSETS:		
Furniture and equipment	8 975	
Less: Acc. depr. - furn. & equip.	<u>4 380</u>	<u>4 595</u>
TOTAL ASSETS		<u>16 275</u>
CURRENT LIABILITIES:		
Accounts payable	3 900	
Salaries payable	<u>540</u>	<u>4 440</u>
TOTAL LIABILITIES		<u>4 440</u>
NET ASSETS		<u>\$28 110</u>
OWNER'S EQUITY:		
N.Kelly, Capital, 30 June 2004		<u>\$28 110</u>
TOTAL OWNER'S EQUITY		<u>\$28 110</u>

F.

General Journal
Adjusting entries

10. Depr. Exp. Furn. & Equip.	5505	2 680	
Acc. Depr. Furn. & Equip.	1111		2 680
To record depreciation of assets.			
11. Rent Expense	5512	9 120	
Prepaid Rent	1102		9 120
To record expiry of rent.			
12. Office Supplies Expense	5513	770	
Office Supplies Inventory	1106		770
To record office supplies used.			
13. Salaries Expense	5500	540	
Salaries Payable	2201		540
To record accrued salaries.			

G.

General Journal
Closing entries

(a) Counselling Fees Revenue	4400	55 720	
Profit & Loss Summary	3320		55 720
To close revenue accounts.			
(b) Profit and Loss Summary	3320	36 780	
Salaries Expense	5500		20 240
Electricity Expense	5503		2 070
Advertising Expense	5504		1 900
Depr. Exp. - Furn & Equip	5505		2 680
Rent Expense	5512		9 120
Office Supplies Expense	5513		770
To close expense accounts.			
(c) Profit and Loss Summary	3320	18 940	
N. Kelly, Capital	3000		18 940
To transfer profit to capital.			
(d) N. Kelly, Capital	3000	13 960	
N. Kelly, Drawings	3301		13 960
To close drawings to capital.			

D.

SOUTHERN CROSS CONSULTING
Worksheet
for the year ended 30 June 2005

Account title	Unadjusted trial balance		Adjustments		Adjusted trial balance		Statement of financial performance		Statement of financial position	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash at Bank	12 380				12 380				12 380	
Accounts Receivable	9 800				9 800				9 800	
Prepaid Rent	9 880			(11) 9 120	760				760	
Office Supplies Inventory	1 190			(12) 770	420				420	
Furniture & Equipment	17 950				17 950				17 950	
Acc. Depr. – Furn. & Equip.		6 080		(10) 2 680		8 760				8 760
Accounts Payable		3 900				3 900				3 900
N.Kelly, Capital		23 130				23 130				23 130
N.Kelly, Drawings	13 960				13 960				13 960	
Consulting Fees Revenue		55 720				55 720		55 720		
Salaries Expense	19 700		(13) 540		20 240		20 240			
Electricity Expense	2 070				2 070		2 070			
Advertising Expense	1 900				1 900		1 900			
	88 830	88 830								
Depr. Exp. Furn. and Equip.			(10) 2 680		2 680		2 680			
Rent Expense			(11) 9 120		9 120		9 120			
Office Supplies Expense			(12) 770		770		770			
Salaries Payable				(13) 540		540				540
			13 110	13 110	92 050	92 050	36 780	55 720	55 270	36 330
							18 940			18 940
Net profit for the year							55 720	55 720	55 270	55 270

H.

FAMILY COUNSELLING SERVICE
Post Closing Trial Balance
as at 30 June 2005

	Debit	Credit
Cash at bank	\$12 380	
Accounts receivable	9 800	
Prepaid rent	760	
Office supplies inventory	420	
Furniture & equipment	17 950	
Accumulated depreciation.		\$8 760
Accounts payable		3 900
Salaries payable		540
N.Kelly, Capital		<u>28 110</u>
	<u>\$41 310</u>	<u>\$41 310</u>