

General Journal

GJ12

**** Year-End Closing Entries ****

| | | | | |
|--------|--|-----|------------|------------|
| 20-- | | | | |
| Dec 31 | Sales Paint & Supplies | 401 | 151,396.00 | |
| | Sales Wallpaper | 402 | 79,140.00 | |
| | Sales Service | 403 | 65,600.00 | |
| | Bad Debt Recoveries | 407 | 200.00 | |
| | PST Commission Revenue | 410 | 1,051.16 | |
| | Rental Revenue | 412 | 12,000.00 | |
| | Purchase Discounts | 507 | 487.40 | |
| | Closing Inventory | 509 | 6,085.00 | |
| | Current Earnings | 310 | | 315,959.56 |
| | to close credit-balance temporary accounts | | | |

| | | | | |
|--------|--|-----|------------|--|
| 20-- | | | | |
| Dec 31 | Current Earnings | 310 | 263,132.79 | |
| | Sales Discounts | 406 | 558.02 | |
| | Purchases Paint & Supplies | 504 | 83,110.00 | |
| | Purchases Wallpaper | 505 | 47,820.00 | |
| | Freight In | 508 | 424.44 | |
| | Salaries Expense | 521 | 61,000.00 | |
| | CPP Expense | 522 | 2,615.18 | |
| | EI Expense | 523 | 1,477.43 | |
| | Life/Health Plan Expense | 524 | 322.00 | |
| | Advertising Expense | 531 | 13,483.80 | |
| | Bad Debts Expense | 532 | 1,902.52 | |
| | Bank Charges Expense | 533 | 122.00 | |
| | Cash Over/Short | 534 | 1.39 | |
| | Delivery Expense | 535 | 899.64 | |
| | Depreciation Expense | 536 | 17,370.00 | |
| | Donations Expense | 537 | 700.00 | |
| | Insurance Expense | 538 | 793.80 | |
| | Interest Exp on Mortgage | 539 | 6,968.85 | |
| | Miscellaneous Expense | 540 | 90.18 | |
| | Office Supplies Expense | 541 | 1,418.92 | |
| | Postage Expense | 542 | 69.80 | |
| | Rent Expense | 543 | 10,000.00 | |
| | Telephone Expense | 544 | 2,015.82 | |
| | Utilities Expense | 545 | 4,798.44 | |
| | Warehouse Supplies Exp | 546 | 570.56 | |
| | Workers Compens Exp | 47 | 4,600.00 | |
| | to close debit-balance temporary accounts. | | | |

| | | | |
|--------|---------------------|-----|-----------|
| 20-- | | | |
| Dec 31 | Current Earnings | 310 | 52,826.77 |
| | Capital, H. Martin | 301 | 26,413.39 |
| | Capital, W. Corbett | 303 | 26,413.38 |

to close Current Earnings to partners' Capital accounts, divided equally.

Note: Martin was given the extra cent only because he is named first.

| | | | |
|--------|----------------------|-----|-----------|
| Dec 31 | Capital, H. Martin | 301 | 25,500.00 |
| | Capital, W. Corbett | 303 | 25,200.00 |
| | Drawings, H. Martin | 302 | 25,500.00 |
| | Drawings, W. Corbett | 304 | 25,200.00 |

to close partners' Drawings accounts.

KBC Decorating Company
Income Statement
for one year ending December 31, 20--

REVENUES:

| | | |
|------------------------|---------------|---------------|
| Sales Paint & Supplies | \$ 151,396.00 | |
| Sales Wallpaper | 79,140.00 | |
| Sales Service | 65,600.00 | |
| Sales Discounts | (558.02) | \$ 295,577.98 |

Other Revenues:

| | | |
|---------------------|-----------|-------------------|
| Bad Debt Recoveries | 200.00 | |
| Commission Revenue | 1,051.16 | |
| Rental Revenue | 12,000.00 | 13,251.16 |
| Total Revenues | | <u>308,829.14</u> |

Cost of Goods Sold:

| | | |
|-------------------------------|------------|------------|
| Purchases Paint & Supplies | 83,110.00 | |
| Purchases Wallpaper | 47,820.00 | |
| Purchase Discounts | (487.40) | |
| Freight In | 424.44 | |
| Total Cost of Goods Purchased | 130,867.04 | |
| less: Closing Inventory | 6,085.00 | 124,782.04 |

GROSS PROFIT

184,047.10

OPERATING EXPENSES:

Payroll Expenses:

| | | |
|--------------------------|--------------|-----------|
| Salaries Expense | \$ 61,000.00 | |
| CPP Expense | 2,615.18 | |
| EI Expense | 1,477.43 | |
| Life/Health Plan Expense | 322.00 | 65,414.61 |

Other Expenses:

| | | |
|------------------------------|-----------|-------------------|
| Advertising Expense | 13,483.80 | |
| Bad Debts Expense | 1,902.52 | |
| Bank Charges Expense | 122.00 | |
| Cash Over/Short | 1.39 | |
| Delivery Expense | 899.64 | |
| Depreciation Expense | 17,370.00 | |
| Donations Expense | 700.00 | |
| Insurance Expense | 793.80 | |
| Interest Expense on Mortgage | 6,968.85 | |
| Miscellaneous Expense | 90.18 | |
| Office Supplies Expense | 1,418.92 | |
| Postage Expense | 69.80 | |
| Rent Expense | 10,000.00 | |
| Telephone Expense | 2,015.82 | |
| Utilities Expense | 4,798.44 | |
| Warehouse Supplies Expense | 570.56 | |
| Workers Compensation Expense | 4,600.00 | 65,805.72 |
| Total Expenses | | <u>131,220.33</u> |

NET PROFIT

\$ 52,826.77*Note: Appearance of statements may vary.*

KBC Decorating Company
Income Statement
for one year ending December 31, 20--

Alternative Statement Layout

REVENUES:

| | | |
|------------------------|---------------|---------------|
| Sales Paint & Supplies | \$ 151,396.00 | |
| Sales Wallpaper | 79,140.00 | |
| Sales Service | 65,600.00 | |
| Sales Discounts | (558.02) | |
| Bad Debt Recoveries | 200.00 | \$ 295,777.98 |
| | | <hr/> |

Cost of Goods Sold:

| | | |
|-------------------------------|------------|------------------|
| Purchases Paint & Supplies | 83,110.00 | |
| Purchases Wallpaper | 47,820.00 | |
| Purchase Discounts | (487.40) | |
| Freight In | 424.44 | |
| Total Cost of Goods Purchased | 130,867.04 | |
| less: Closing Inventory | 6,085.00 | 124,782.04 |
| GROSS PROFIT | | <hr/> 170,995.94 |

OPERATING EXPENSES:

Payroll Expenses:

| | | |
|--------------------------|--------------|-----------|
| Salaries Expense | \$ 61,000.00 | |
| CPP Expense | 2,615.18 | |
| EI Expense | 1,477.43 | |
| Life/Health Plan Expense | 322.00 | 65,414.61 |
| | | <hr/> |

Other Expenses:

| | | |
|------------------------------|-----------|------------------|
| Advertising Expense | 13,483.80 | |
| Bad Debts Expense | 1,902.52 | |
| Bank Charges Expense | 122.00 | |
| Cash Over/Short | 1.39 | |
| Delivery Expense | 899.64 | |
| Depreciation Expense | 17,370.00 | |
| Donations Expense | 700.00 | |
| Insurance Expense | 793.80 | |
| Interest Expense on Mortgage | 6,968.85 | |
| Miscellaneous Expense | 90.18 | |
| Office Supplies Expense | 1,418.92 | |
| Postage Expense | 69.80 | |
| Rent Expense | 10,000.00 | |
| Telephone Expense | 2,015.82 | |
| Utilities Expense | 4,798.44 | |
| Warehouse Supplies Expense | 570.56 | |
| Workers Compensation Expense | 4,600.00 | 65,805.72 |
| Total Expenses | | <hr/> 131,220.33 |

NET PROFIT FROM OPERATIONS **\$ 39,775.61**

OTHER REVENUE:

| | | |
|--------------------|-----------|---------------------------------|
| Commission Revenue | 1,051.16 | |
| Rental Revenue | 12,000.00 | |
| NET PROFIT | | <hr/> <hr/> \$ 52,826.77 |

Note: Appearance of statements may vary.

KBC Decorating Company
Balance Sheet
December 31, 20--

| ASSETS | | | |
|-------------------------------|---------------|--------------|---------------|
| Current Assets | | | |
| Bank | | \$ 28,121.80 | |
| Petty Cash Fund | | 50.00 | |
| Accounts Receivable | | 3,644.25 | |
| Inventory | | 6,085.00 | |
| Insurance Prepaid | | 113.40 | \$ 38,014.45 |
| | | | |
| Capital Assets | | | |
| Land | | 40,000.00 | |
| Building | \$ 160,000.00 | | |
| Accum Deprec: Building | (10,670.00) | 149,330.00 | |
| Furniture & Equipment | 8,584.28 | | |
| Accum Deprec: Furn & Equip | (1,690.00) | 6,894.28 | |
| Vehicles | 15,000.00 | | |
| Accum Deprec: Vehicles | (4,500.00) | 10,500.00 | |
| Tools & Equipment | 1,697.76 | | |
| Accum Deprec: Tools & Equip | (510.00) | 1,187.76 | 207,912.04 |
| | | | |
| TOTAL ASSETS | | | \$ 245,926.49 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 7,465.50 | | |
| GST Payable | 5,674.67 | | |
| GST-ITC | (2,533.64) | | |
| PST Payable | 2,531.48 | | |
| Federal Income Tax Payable | 627.60 | | |
| Provincial Income Tax Payable | 392.20 | | |
| CPP Payable | 755.68 | | |
| EI Payable | 365.38 | | |
| Life/Health Plan Payable | 92.00 | 15,370.87 | |
| | | | |
| Long-Term Liabilities | | | |
| Mortgage Payable | | 148,428.85 | |
| TOTAL LIABILITIES | | | 163,799.72 |
| OWNERS' EQUITY | | | |
| Capital, Henri Martin | | | |
| Capital, Henri Martin | 40,000.00 | | |
| Drawings, Henri Martin | (25,500.00) | | |
| Net Profit (50%) | 26,413.39 | 40,913.39 | |
| | | | |
| Capital, Wes Corbett | | | |
| Capital, Wes Corbett | 40,000.00 | | |
| Drawings, Wes Corbett | (25,200.00) | | |
| Net Profit (50%) | 26,413.38 | 41,213.38 | |
| | | | |
| TOTAL OWNERS' EQUITY | | | 82,126.77 |
| TOTAL LIABILITIES & EQUITY | | | \$ 245,926.49 |

Note: Appearance of statements may vary.