

- 9 On the journal paper provided, please journalize the closing entries for a merchandising business, **using only the information below.**

Sales	120,000	Inventory, Jan 1	5,000
Purchases	29,000	Misc. Expenses	28,000
Freight-In	4,000	Wages Expense	14,000
Inventory, Dec. 31	3,000	M. Bluth, Drawings	3,000

Dec-31 Merchandise Inventory	3,000	*ending inventory number
Sales	120,000	
Income Summary	123,000	
Closing Entry 1		

Dec-31 Income Summary	80,000	*beginning inventory number
Merchandise Inventory	5,000	
Purchases	29,000	
Frieght-In	4,000	
Misc. Expenses	28,000	
Wages Expense	14,000	
Closing Entry 2		

Dec-31 Income Summary	43,000	*'income summary' from closing entry 1 & closing entry 2 being entered in the capital account.
M. Bluth, Capital	43,000	
Closing Entry 3		

Dec-31 M. Bluth, Capital	3,000	*closing out the drawings amount to the capital account.
M. Bluth, Drawings	3,000	
Closing Entry 4		

Sales	120,000	Inventory, Jan 1	5,000
Purchases	29,000	Misc. Expenses	28,000
Freight-In	4,000	Wages Expense	14,000
Inventory, Dec. 31	3,000	M. Bluth, Drawings	3,000

- 10** Using the **same** information, show the **Income Statement** for this business for the year ended 2012.
The name of the company is Bluth Bananas.

Bluth Bananas Income Statement For the Year Ended December 31, 2012		
Sales		
Sales		120,000
Cost of Goods Sold		
Beginning Inventory	5,000	
Purchases	29,000	
Freight In	<u>4,000</u>	
Cost of Goods Available for Sale		38,000
Ending Inventory		<u>-3,000</u>
Cost of Goods Sold		<u>35,000</u>
Gross Profit		85,000
Operating Expenses		
Misc. Expenses	28,000	
Wages Expense	<u>14,000</u>	
Total Expenses		<u>42,000</u>
Net Income		<u><u>43,000</u></u>

3 part heading.

This section calculates COGS.

Sales - COGS =
Gross Profit

Gross Profit - Expenses =
Net Income (or Loss)

11 Please find and circle the five mistakes on the classified balance sheet below.

Morley's Monkey Shop Balance Sheet	
For the year ended Dec 31, 2012	
<p><i>Current Assets</i></p> <p>Inventories of Monkeys 3,000</p> <p><i>Other Assets</i></p> <p>Monkey Enclosure 122,000</p> <p>Less: Accum. Dep. - Monkey Enclosure -55,000</p> <p>Bank 112,000</p> <p>Total Assets 182,000</p>	<p><i>Current Liabilities</i></p> <p>Accounts Payable 11,000</p> <p><i>Long Term Liabilities</i></p> <p>Bank Loan 56,500</p> <p>Total Liabilities 67,500</p> <p>Owner's Equity 114,500</p> <p>M. Monkey, Capital</p> <p>Total Liabilities & Owner's Equity 182,000</p>

This should be 'Fixed' Assets

For the year ended Dec 31, 2012

Balance sheet is at a certain date. 'December 31, 2012'

addition here is incorrect

Should be listed in 'order of liquidity' - bank is a 'current asset'.

There should be a space before "Owner's Equity"... also it must be recalculated.

There should be a double underline here.