

Qno1:

The following is the pre-closing trial balance Yasir & Company on Dec 31, 2020:

S.No	Account Titles	Debit	Credit
1	Cash	300,000	
2	Accounts Receivable	200,000	
3	Merchandise Inventory	100,000	
4	Prepaid Advertising	90,000	
5	Cost of Goods Sold	700,000	
6	Salaries Expense	55,000	
7	Supplies Expense	15,000	
8	Rent Expense	40,000	
9	Accounts Payable		100,000
10	Unearned Commission		50,000
11	Capital-Yasir		250,000
12	Sales		1,100,000
	Total	1,500,000	1,500,000

Data for Adjustment:

- Commission income is unearned to the extent of Rs.15
- Supplies used during the year Rs.3,000.
- Commission receivable for the year Rs.14,000.
- Prepaid rent Rs.25,000.
- Salaries payable for the year amounted to Rs.5,000
- Advertising prepaid Rs.43,000.

Required:

- Income Statement
- Closing Entries
- Balance Sheet

Yasir & Co

General Journal

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2010 Dec 31		(Adjustments)			
	1	Unearned Commission v		35,000	
		Commission Income v			35,000
		(To record commission Income)			
	2	Supplies		12,000	
		Supplies Expense v			12,000
		(To adjust supplies expense)			
	3	Commission Receivable		14,000	
		Commission Income v			14000
		(To record commission receivable)			
	4	Prepaid Rent		25,000	
		Rent Expense v			25,000
		(To record prepaid rent)			
	5	Salaries Expense v		5,000	
		Salaries Payable			5000
		(To record salaries payable)			
	6	Advertising Expense		47,000	
		Prepaid Advertising v			47,000
		(To record advertising expense)			

Yasir & Co
General Ledger

(W-1) Unearned Commission

2010 Dec 31(1)	Adj	35,000	2010 Dec 31	Balance	50,000
			Balance	15,000	

(W-2) Commission Income

			2010 Dec 31(1)	Adj	35,000
			(3)	Adj	14,000
			Balance	49,000	

(W-3) Supplies Expense

2010 Dec 31	Balance	15,000	2010 Dec 31(2)	Adj	12,000
Balance	3,000				

(W-4)**Rent Expense**

2010 Dec 31	Balance	40,000	2010 Dec 31(4)	Adj	25,000
Balance	15,000				

(W-5)**Salaries Expense**

2010 Dec 31	Balance	55,000			
(5)	Adj	5,000			
Balance	60,000				

(W-6)**Prepaid Advertising**

2010 Dec 31	Balance	90,000	2010 Dec 31(6)	Adj	47,000
Balance	43,000				

Yasir & Co

Income Statement

For the period ended Dec 31, 2010 Rs.

<u>Revenue</u>				
Sales			<u>1,100,000</u>	
Net Sales				1,100,000
Less: Cost of Goods Sold				<u>(700,000)</u>
Gross Profit				400,000
<u>Less: Operating Expenses:</u>				
Supplies Expense(W-3)			3,000	
Rent Expense(W-4)			15,000	
Salaries Expense(W-5)			60,000	
Advertising Expense			<u>47,000</u>	
Total Operating Expense				<u>(125,000)</u>
Income before Commission Income				275,000
Add: Commission Income(W-2)				49,000
Net Income				<u>324,000</u>

Yasir & Co

General Journal

Rs.

Date		Account Titles and Explanation	Post Ref.	Debit	Credit
2010 Dec 31		(Closing)			
	1	Sales		1,100,000	
		Commission Income (W-2)		49,000	
		Income Summary			1,149,000
		(To close all revenue accounts)			
	2	Income Summary		825,000	
		Cost of Goods Sold			700,000
		Supplies Expense(W-3)			3,000
		Rent Expense (W-4)			15,000
		Salaries Expense (W-5)			60,000
		Advertising Expense			47,000
		(To close all expense accounts)			
	3	Income Summary		324,000	
		Capital-Yasir			324,000
		(To close income summary account)			

Yasir & Co General Ledger Income Summary					
2010 Dec 31 (2)	Cost of Goods Sold	700,000	2010 Dec 31(1)	Sales	1,100,000
	Supplies Expense(W-3)	3,000		Commission Income (W-2)	49,000
	Rent Expense (W-4)	15,000			
	Salaries Expense (W-5)	60,000			
	Advertising Expense	47,000			
(3)	Capital	324,000			
		1,149,000			1,149,000

Rs.

ASSETS				EQUITIES			
<u>Current Assets</u>				<u>Liabilities</u>			
Cash		300,000		Accounts Payable		100,000	
Accounts Receivable		200,000		Unearned Commission (W-1)		15,000	
Commission Receivable		14,000		Salaries Payable		<u>5,000</u>	
Merchandise Inventory		100,000		Total Liabilities			120,000
Supplies		12,000					
Prepaid Advertising(W-6)		43,000		<u>Owner's Equity</u>			
Prepaid Rent		25,000		Capital-Beg		250,000	
Total Current Assets			694,000	Add:Net Income		<u>324,000</u>	
				Total Owner's Equity			574,000
			-				
Total Assets			<u>694,000</u>	Total Equities			<u>694,000</u>