

# Exploring the Periodic System's Worksheet

J. Smith Merchandising Worksheet  
For the Month Ended November 30, 2004

Account Title	Acc. No.	Trial Balance		Income Statement		Balance Sheet	
		Debit	Credit	Debit	Credit	Debit	Credit
1 Cash	101	24,000.00					
2 A/R - Black	105	500.00					
3 A/R - Seymour	110	1,000.00					
4 Merchandise Inventory		3,500.00					
5 Furniture	115	1,400.00					
6 Equipment	120	2,800.00					
7 Building	125	100,000.00					
8 Bank Loan Payable	201		3,000.00				
9 A/P - Midland Co.	205		800.00				
10 A/P - Acme Suppliers	210		600.00				
11 Mortgage Payable	215		89,000.00				
12 J. Smith, Capital	301			14,000.00			
13 J. Smith, Drawings	302	700.00					
14 Sales	401		50,000.00				
15 Purchases	505	17,000.00					
16 Rent Expense	510	2,000.00					
17 Wages Expense	515	4,000.00					
18 Hydro Expense	520	500.00					
19		157,400.00	157,400.00				
20							
21 Net Income							
22							
23							

We begin our worksheet with an unadjusted balance in our inventory account. This was in fact the ending inventory balance from the previous accounting period.

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2 A/R - Black	105	500.00					
3 A/R - Seymour	110	1,000.00					
4 Merchandise Inventory		3,500.00		3,500.00	6,000.00		
5 Furniture	115	1,400.00					
6 Equipment	120	2,800.00					
7 Building	125	100,000.00					
8 Bank Loan Payable	201		3,000.00				
9 A/P - Midland Co.	205		800.00				
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15 Purchases	505	17,000.00		17,000.00			
16 Rent Expense	510	2,000.00		2,000.00			
17 Wages Expense	515	4,000.00		4,000.00			
18 Hydro Expense	520	500.00		500.00			
19		157,400.00	157,400.00	27,000.00	56,000.00		
20					27,000.00		
21 Net Income					29,000.00		
22							
23							

old inventory → new inventory

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20					27,000.00		
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22							
23							

The old inventory is removed from the inventory account. The loss of these assets results in a decrease to owner's equity; thus, we debit the Income Statement.

The new inventory is added to the inventory account. The addition of these assets results in an increase to owner's equity; thus, we credit the Income Statement columns.

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3 A/R - Seymour	110	1,000.00				1,000.00	
4 Merchandise Inventory				3,500.00	6,000.00	6,000.00	
5 Furniture	115	1,400.00				1,400.00	
6 Equipment	120	2,800.00				2,800.00	
7 Building	125	100,000.00				100,000.00	
8 Bank Loan Payable	201		3,000.00				3,000.00
9 A/P - Midland Co.	205		800.00				800.00
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17 Wages Expense	515	4,000.00		4,000.00			
18 Hydro Expense	520	500.00		500.00			
19		157,400.00	157,400.00	27,000.00	56,000.00	136,400.00	107,400.00
20					27,000.00		
21 Net Income					29,000.00		
22						136,400.00	136,400.00
23							

new inventory

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20					27,000.00		
21 Net Income					29,000.00		
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We end up with the new (i.e. current) inventory as the final balance of the inventory account. This will also be the beginning balance for our next worksheet!