

**P3-5 (Financial Statements, Adjusting and Closing Entries)** The trial balance of Becky Bishop Fashion Center contained the following accounts at November 30, the end of the company's fiscal year.

<b>BECKY BISHOP FASHION CENTER</b>		
<b>TRIAL BALANCE</b>		
<b>NOVEMBER 30, 2005</b>		
	<u>Debit</u>	<u>Credit</u>
Cash	\$ 26,700	
Accounts Receivable	33,700	
Merchandise Inventory	45,000	
Store Supplies	5,500	
Store Equipment	85,000	
Accumulated Depreciation—Store Equipment		\$ 18,000
Delivery Equipment	48,000	
Accumulated Depreciation—Delivery Equipment		6,000
Notes Payable		51,000
Accounts Payable		48,500
Common Stock		90,000
Retained Earnings		8,000
Sales		757,200
Sales Returns and Allowances	4,200	
Cost of Goods Sold	497,400	
Salaries Expense	140,000	
Advertising Expense	26,400	
Utilities Expense	14,000	
Repair Expense	12,100	
Delivery Expense	16,700	
Rent Expense	24,000	
	<u>\$978,700</u>	<u>\$978,700</u>

Adjustment data:

1. Store supplies on hand totaled \$3,500.
2. Depreciation is \$9,000 on the store equipment and \$7,000 on the delivery equipment.
3. Interest of \$11,000 is accrued on notes payable at November 30.

Other data:

1. Salaries expense is 70% selling and 30% administrative.
2. Rent expense and utilities expense are 80% selling and 20% administrative.
3. \$30,000 of notes payable are due for payment next year.
4. Repair expense is 100% administrative.

**Instructions**

- (a) Journalize the adjusting entries.
- (b) Enter the trial balance on a work sheet and complete the work sheet.
- (c) Prepare a multiple-step income statement and retained earnings statement for the year and a classified balance sheet as of November 30, 2005.
- (d) Journalize the closing entries.
- (e) Prepare a post-closing trial balance.