## Handout 2

Periodic

[The red colored accounts netted equals cost of goods sold of \$100,000.]

Sales	449,000	
Purchase returns and allowances	9,000	
Purchase discounts	6,000	
Inventory [ending]	30,000	
Income Summary	,	494,000
Income Summary	456,000	
Inventory [beginning]		40,000
Sales returns and allowances		4,000
Sales discounts		5,000
Purchases		105,000
Rent expense		70,000
Salaries expense		150,000
Utilities expense		60,000
Depreciation expense		10,000
Income tax expense		12,000
Income Summary	38,000	
Retained Earnings	,	38,000
Retained Earnings	11,000	
Dividends	,	11,000

## Or

## [Net the beginning and ending inventory account balances.]

Sales Purchase returns and allowances Purchase discounts Income Summary	449,000 9,000 6,000	464,000
Income Summary Inventory [netted] Sales returns and allowances Sales discounts Purchases Rent expense Salaries expense Utilities expense Depreciation expense Income tax expense	426,000	10,000 4,000 5,000 105,000 70,000 150,000 60,000 10,000 12,000
Income Summary Retained Earnings	38,000	38,000
Retained Earnings Dividends	11,000	11,000
<u>Perpetu</u>	<u>ıal</u>	
Sales Income Summary	449,000	449,000
Income Summary  Cost of Goods Sold  Sales returns and allowances Sales discounts Rent expense Salaries expense Utilities expense Depreciation expense Income tax expense	411,000	100,000 4,000 5,000 70,000 150,000 60,000 10,000 12,000
Income Summary Retained Earnings	38,000	38,000
Retained Earnings Dividends	11,000	11,000