Malcolm started a barber shop, Barbers in the Basement, at the beginning of January 2017. The business transactions for Malcolm Public Relation's first month of operations can be found below. Use this information to complete the T Accounts, Trial Balance, and Financial Statements that follow.



- 1/1 Opened a business bank account with a deposit of \$9,000 from personal funds.
- 1/2 Paid rent expense on his new store space for the month, \$1,500.
- 1/4 Purchased equipment (barber chairs, sinks, etc.), \$5,000.
- 1/5 Purchased supplies (brushes, scissors, razors, etc.) on account, \$900.
- 1/10 Customers paid cash for hair cuts during the month, totaling \$19,000.
- 1/22 Customers paid on account for hair cuts during the month, totaling \$8,000.
- 1/25 Paid wages expense for the month, \$1,300.
- 1/28 Completed inventory and found that the amount of office supplies on hand at the end of month was \$200, meaning that \$700 of supplies had been used during the period.
- 1/29 Received \$5,500 in cash from customers paying on their accounts.
- 1/31 Malcolm withdrew \$400 for personal use.

#### **T-Accounts**

- 1. Record all of the business transactions for Barbers in the Basement in the T-Accounts below. Make sure to put the date of the transaction next to each amount.
- 2. Total each account, showing the ending balance in the appropriate "normal balance" location (shaded side). Circle the ending balances.
- 3. Write a two-digit account number next to each account name.

Write a two-digit account nu	umber next to each account name.		
ASSETS	LIABILITIES	OWNER'S	EQUITY
Cash	Accounts Payable	Malcolm, (Investm	ents)
Debit Credit	Debit Credit	Debit	Credit
+ -	- +		+
		Malcolm, E (Withdra	
		Debit	Ćredit
		+	-
		REVEN	UES
Accounts Receivable		Fees Ea	
Debit Credit		Debit	Credit
Supplies			
Debit Credit		EVDEN	050
+ -		EXPEN	
		Rent Ex	
		Debit +	Credit -
Equipment  Debit Credit + -			
		Supplies E	Expense
		Debit	Credit
		+	-
		Wages Ex	<b></b>

Debit

Credit

#### **Trial Balance**

Using the information in your T-Accounts, prepare a trial balance for Barbers in the Basement.

- 1. List the account names in the correct order and the ending balance for each.
- 2. Total the debit and credit columns to make sure they balance.

Barbers in the Basement Trial Balance January 31, 2017

Account Title	Debit	Credit
TOTAL		

#### **Financial Statements**

Use the information from the Trial Balance to create the financial statements for Malcolm Public.

### Barbers in the Basement Income Statement For the month ended January 31, 2017

REVENUES:					
FEES EARNED					
EXPENSES:					
RENT EXPENSE					
SUPPLIES EXPENSE					
WAGES EXPENSE					
TOTAL EXPENSES					
NET INCOME					

### Barbers in the Basement Statement of Owner's Equity For the month ended January 31, 2017

BEGINNING CAPITAL					0	00	
ADD: INVESTMENTS							
ADD: NET INCOME (from the Income Statement)							
,							Г
LESS: WITHDRAWALS							
CHANGE IN OWNER'S EQUITY							
ENDING CAPITAL							_

### Barbers in the Basement Balance Sheet As of January 31, 2017

<u>ASSETS</u>	LIABILITIES	
CASH	ACCOUNTS PAYABLE	
ACCOUNTS RECEIVABLE	TOTAL LIABILITIES	
SUPPLIES	OWNER'S EQUITY	
EQUIPMENT	MALCOLM, CAPITAL	
	TOTAL OWNER'S EQUITY	
TOTAL ASSETS	TOTAL LIABILITIES & OE	