**Acct 3220/6031 – Spring 2023 Accounting Practice Set**

This case is designed to reinforce certain technical accounting skills that are a prerequisite to a solid understanding of the generally accepted accounting principles that underlie preparation of general purpose financial statements.

You are tasked with the preparation of a set of 2022 financial statements for CU DENVER, INC. a company that purchases merchandise inventory for resale.

You will be required to prepare journal entries (utilizing a general journal along with a set of special journals), the posting of those entries to both general and subsidiary ledger accounts, and preparation of month-end adjustments, an adjusted trial balance, financial statements, and closing entries in order to ready the general ledger for 2023 activity. CU DENVER, INC. uses the following chart of accounts:

Account Number Account Title

 100 Cash

 110 Accounts Receivable

 115 Allowance for Doubtful Accounts (AFDA)

 120 Interest Receivable

 130 Inventory

 135 Supplies

 140 Prepaid Rent

 145 Prepaid Insurance

 150 Available for Sale Investments (non-current)

 160 Land

 170 Buildings

 175 Accumulated Depreciation – Buildings

 180 Equipment

 185 Accumulated Depreciation – Equipment

 190 Patents

 210 Accounts Payable

 220 Salaries Payable

 225 Utilities Payable

 230 Interest Payable

 235 Unearned Rent

 240 Income Taxes Payable

 245 Dividends Payable

 250 Notes Payable (non-current)

 300 Common Stock

 310 Additional Paid-In Capital

 320 Retained Earnings

 325 Dividends

 330 Accumulated Other Comprehensive Income

 350 Treasury Stock

400 Sales Revenue

 402 Sales Returns & Allowances

 404 Sales Discounts

 410 Interest Revenue

 420 Rent Revenue

 430 Dividend Revenue

 500 Cost of Goods Sold

 505 Purchases

 507 Purchase Returns & Allowances

 508 Purchase Discounts

 510 Salaries Expense

 515 Bad Debt Expense

 520 Rent Expense

 530 Depreciation Expense – Buildings

 535 Depreciation Expense – Equipment

 540 Patent Amortization Expense

 550 Utilities Expense

 555 Supplies Expense

 560 Insurance Expense

 570 Interest Expense

 590 Income Tax Expense

CU DENVER, INC. is a calendar-year firm that has been in business in the USA for the past ten years. Your job is to maintain the accounting records of CU DENVER, INC. for the month of December, prepare the **annual** financial statements (income statement, balance sheet, and statement of cash flows—using the direct method) as of December 31, 2022, and then close the nominal accounts to prepare the accounting records for 2023 entries.

CU DENVER, INC. utilizes the following five journals:

* Sales journal – this journal is **exclusively used to record all credit sales**
* Purchases journal – this journal is **exclusively used to record all purchases of inventory items on credit**
* Cash Receipts journal – this journal is **exclusively used to record all transactions that involve a receipt of cash**
* Cash Disbursements journal – this journal is **exclusively used to record all transactions that involve a cash payment**
* General journal – this journal is used to record all transactions that **are not** recorded in one of the special journals above

CU DENVER, INC. also maintains both a general ledger and two subsidiary ledgers:

* A/R Subsidiary ledger – this ledger contains the specific balances owed to CU DENVER, INC. by individual customers
* A/P Subsidiary ledger – this ledger contains the specific balances owed by CU DENVER, INC. to individual suppliers of merchandise inventory

**A/R Subsidiary Ledger**

Customer Customer # Date of Sale Balance Owed

M Krohngold 110-12 7/20/22 $8,000

J Goar 110-25 9/13/22 22,000

C Winters 110-33 10/25/22 16,000

J Tishman 110-44 11/22/22 60,000

P O’Malley 110-46 11/24/22 24,000

C Becker 110-47 11/28/22 30,000

 A/R Balance – 11/30/22 $160,000

All credit sales are made to customers on the following terms: 2/15, n/30. Payments received from customers are first credited towards the oldest balances in determining any applicable discount.

**A/P Subsidiary Ledger**

Supplier Vendor # Date of Purchase Balance Owed

RamsIndustries 210-17 11/07/22 $36,000

TH, Inc. 210-20 11/18/22 24,000

DevilCo 210-22 11/27/22 40,000

 A/P Balance – 11/30/22 $100,000

All credit purchases of inventory are made from suppliers that offer different terms for prompt payment. For the existing balances (and any new purchases), terms are:

RamsIndustries: 2/30, n/60

TH, Inc.: 3/15, n/30

DevilCo: n/30

**Case Requirements:**

Please prepare the following for submission:

**1. Five journals (SJ, PJ, CRJ, CDJ, and the GJ) with December transactions, year-end adjustments, and closing entries recorded appropriately,**

**2. The two subsidiary ledgers (A/R and A/P) and the General Ledger with December postings and year-end balances,**

**3. An adjusted trial balance as of December 31, 2022**

**4. An Income Statement for the year ended December 31, 2022,**

**5. A Balance Sheet as of December 31, 2022, and**

**6. A Statement of Cash Flows (Direct Method and required reconciliation) for the year ended December 31, 2022, with required supplementary disclosures.**

The General and Subsidiary ledger accounts have been updated to reflect correct Nov. 30, 2022 balances (except for **Inventory** and **Retained Earnings**, which are not adjusted until year-end). Your job is to journalize the December transactions that follow below, post these entries to the appropriate ledger accounts, prepare adjusting entries (for the month of December - all adjustments through Nov. 30 have been made) and post these to the appropriate ledger accounts, prepare an adjusted trial balance as of Dec. 31, 2022, prepare the three required financial statements, and then prepare and post closing entries to prepare the general ledger for 2023.

**All students must prepare their own solution to this project. You may work with other students to solve issues and you may discuss your work with each other. However, every student must turn in an individual solution to the practice set.**

**December Transactions for CU DENVER, INC. – Note that all payments to suppliers and receipts from credit customers are always net of any applicable purchase or sales discounts (assume these discounts are always taken if payments occur within the appropriate discount period).**

Dec 1 Purchased 15,000 shares of previously issued CU DENVER, INC. common stock for $150,000 and placed in treasury.

 Paid weekly cash payroll of $5,000. December 1 is a Friday--$4,000 of salaries were accrued on November 30 and reported appropriately as part of salaries expense on the previous months’ income statement.

 Sold $30,000 of inventory to C Winters on credit (invoice #12010).

 Made cash sales of $18,000.

Dec 4 Received cash payment from J Tishman for balance owed.

 Paid RamsIndustries invoice for balance owed.

 Accepted a sales return from P O’Malley for a $4,000 item. P O’Malley paid her balance due after the return.

Dec 5 Paid the November Utilities bill of $7,500 (this was recognized as an expense in November).

 Wrote off the balance owed by M Krohngold as uncollectible.

 Received a payment from C Winters that reduced his balance owed by $10,000.

Dec 6 Bought inventory from a new supplier, NYCCorp (Vendor# 210-25) on credit in the amount of $75,000 (invoice #CC1206). NYC’s terms for repayment are 3/10, n/30.

 Received payment in full from C Becker.

 Made a credit sale to a new customer, S Riley (customer # 110-48), in the amount of $40,000 (invoice #12011).

Dec 7 Returned $18,000 of merchandise purchased from DevilCo (wrong items). Paid balance due after return.

 Received a check for payment in full from J Goar.

Dec 8 Recorded weekly cash sales of $20,000.

 Paid weekly cash payroll of $5,000.

Dec 11 Paid TH, Inc. balance owed.

 Paid NYCCorp balance owed.

 Bought inventory items from RamsIndustries on credit for $25,000 (invoice #NI1211).

Dec 12 Received a check from C Winters that reduced his balance owed by $20,000.

 Received dividends of $25,000 from our investment in Pack, Inc (an AFS investment).

 Sold additional merchandise on credit to S Riley for $20,000 (invoice #12012).

Dec 13 Bought inventory from TH, Inc. for $35,000 on credit (invoice #TH1213).

 S Riley returned an item purchased on Dec 12 (amount = $5,000).

 Received a check from S Riley for 12/6 purchase. Amount fully satisfied balance owed for that purchase.

Dec 14 Sold merchandise to J Tishman ($8,000—invoice #12013) and C Becker ($12,000—invoice #12022)—both on credit.

 Returned $6,000 of merchandise to RamsIndustries (wrong sizes) and paid balance due.

Dec 15 Recorded weekly cash sales of $32,000.

 Paid weekly cash payroll of $5,000.

 Received a check from S Riley in full settlement of balance owed.

Dec 18 Bought office supplies on credit for $15,000 from OfficeMin (open a new A/P in the subsidiary ledger--Vendor # 210-30). Invoice # is OM1218. OfficeMin’s terms are n/30.

 Purchased inventory from NYCCorp on credit for $30,000 (invoice #CC1218).

 Purchased inventory from an independent artist for $12,000 cash.

Dec 19 Received the December Utilities bill (to be paid in January) in the amount of $8,000. No A/P account needs to be created—credit Utilities Payable for balance owed.

 The **annual** dividend of $1/share is declared. The dividend will be distributed to shareholders on January 19, 2023. CU DENVER, INC. recorded the declaration by debiting the Dividends account.

Dec 20 Paid staff a Holiday bonus of $8,000 (record as Salaries Expense).

 Received a check from C Becker for payment of balance owed.

Dec 21 Paid TH, Inc. balance due.

 Sold merchandise to C Winters on credit for $24,000 (invoice #12015).

 Purchased land for $600,000. A $120,000 cash down payment was required and a $480,000 note was accepted by the seller for the balance.

Dec 22 Paid weekly cash payroll of $5,000.

 Recorded weekly cash sales of $40,000.

 **Closed for the Holidays - will reopen on January 2, 2023**

**Information for Adjusting Entries as of 12/31/22**

Rent Expense is $4,000/month and was prepaid on January 1, 2022 for two years.

Insurance for the month of December was $2,500. A policy that expires in 2022 provided coverage.

A physical count of inventory finds the 12/31/22 balance to be $275,000 (see \* below for help).

The AFS Investments account consists of two investments in debt securities purchased in a prior year. CU DENVER elects to employ a fair value method for year-end valuation.

1) Bonds issued by PackCO - Fair market value at 12/31/22 = $160,000.

2) Bonds issued by TerpCo. - Fair market value at 12/31/22 = $140,000.

Interest earned in December (to be received from TerpCo in June 2023) equals $3,600.

An analysis of the A/R subsidiary ledger reveals that an allowance of $20,000 is necessary for anticipated uncollectible account balances.

Depreciation on the Buildings is $4,000/month.

Depreciation on the remaining Equipment is $1,800/month.

The Patent was originally acquired on January 1, 2022 for $180,000 cash and has a ten-year life (from the acquisition date) and no salvage value.

Supplies on hand at 12/31/22 were $10,000.

Accrued interest on the $300,000 note payable and the new $480,000 note for the month of December totals $8,000 (to be paid in 2022).

We are subleasing some extra office space to BC LLC for $8,000 month. BC prepaid twelve months rent on June 1, 2022.

The income tax rate for 2022 is 35%.

\* CU DENVER, INC. is using a **periodic inventory system** that produces an amount for COGS indirectly. An adjusting entry is required at year-end to update the inventory account balance to the correct year-end amount (given) and to transfer the balances from other accounts to COGS. As an example assume that the inventory count at year-end (when compared to last year’s balance) indicates a decline of $5,000. Also assume that amounts recorded for purchases, purchase returns and allowances, and purchase discounts are as indicated in this example. The required adjusting entry is:

COGS **27,500 (plug figure)**

Purchase Returns and Allowances 2,000

Purchase Discounts 500

 Purchases 25,000

 Inventory 5,000

**Additional Information needed for Preparation of the Statement of Cash Flows**

Balances at 1/1/22:

Cash $848,600 Dividends Payable $80,000

A/R 50,000 A/P 60,000

AFDA (10,000) Salaries Payable -0-

Inventory 300,000 Utilities Payable 7,000

Prepaid Rent -0- Interest Payable 25,000

Prepaid Insurance -0- Unearned Rent -0-

Interest Receivable -0- Income Taxes Payable 99,000

Supplies 10,000

The only change among the long-term assets (other than those described in the December activity) was the acquisition of a patent on 1/1/19 for $180,000 cash. The AFS investments were both purchased in 2017.

There were no changes in any stockholders’ equity accounts during the months of January – November.

The adjustment required to compute “Cash received from Customers” when there is a separate Allowance account needs special attention. Assume that A/R increased by $40,000 (from $300,000 to $340,000) and that AFDA also increased by $5,000 (from $10,000 to $15,000) over the year. In addition, assume that Bad Debt Expense recognized on the income statement equals $20,000 and Sales Revenue for the year was $500,000.

Cash Received from Customers (Direct Method)

**Cash 445,000 (plug figure)**

A/R 40,000

Bad Debt Expense 20,000

 AFDA 5,000

 Sales Revenue (net) 500,000

For the indirect method, we can simply make an adjustment for the **net** change in A/R and ignore bad debt expense—using the numbers above, the required adjustment would be:

A/R (net) – 1/1 $290,000 ($300,000 A/R less $10,000 AFDA balance)

A/R (net) – 12/31 $325,000 ($340,000 A/R less $15,000 AFDA balance)

Net increase = $35,000. This amount should be **deducted** from net income in converting to cash flow from operating activities. It is also **unnecessary** to make a separate adjustment for bad debt expense when following this approach.

**Using** **Special Journals**

Provided are example entries into each of the five journals based on the following activity:

1. A credit sale in the amount of $2,000 is made to Customer X (invoice #123) on 1/1/21. Terms are: 2/15, n/30. This will be recorded in the **sales journal**. The sales journal is used to record **all credit sales** (but no other transactions).

2. A credit purchase of merchandise inventory in the amount of $3,000 is made from Supplier Y (invoice #Y44) on 1/5/21. Terms are 3/10, n/30. This will be recorded in the **purchases** **journal**. **All credit purchases** of inventory are recorded in the purchases journal.

3. Customer X returns $500 of merchandise (from 1/1 sale above) on 1/10/21. This will be recorded in the **general journal**. The general journal is reserved for transactions that do not involve cash (those will be recorded in either the cash receipts or cash disbursements journal) and are not credit sales or purchases.

4. Customer X sends a check on 1/12/21 for the balance due. This will be recorded in the **cash receipts journal.** Since the payment is made within the applicable discount period the customer has reduced the check amount by the 2% discount offered for prompt payment.

5. We send Supplier Y a check on 1/13/21 for the balance due. This will be recorded in the **cash disbursements journal**. Since the payment is made within the applicable discount period we have reduced the check amount by the 3% discount offered for prompt payment.

**Entries**

**Sales Journal (SJ)**

Date A/R Subsidiary Acct # Customer Name Invoice # Amount

1/1 110-15 Customer X 123 2,000

This sale should be immediately posted to the subsidiary A/R ledger account for Customer X (“on the fly” so to speak). That way, a current balance for each customer is always at hand. Do **not** post to general ledger control account A/R until **all** transactions are journalized. Then, sum the amount column and post a single amount (the total credit sales for the period) to two GL accounts—debit A/R and credit Sales Revenue.

**Purchases Journal (PJ)**

Date A/P Subsidiary Acct # Supplier Name Invoice # Amount

1/5 210-27 Supplier Y Y44 3,000

This purchase of merchandise inventory should be immediately posted to the subsidiary A/P ledger account for Supplier Y. Wait and post to the GL control account A/P until after all transactions are journalized. Then, sum the amount column and post a single amount to two GL accounts—debit Purchases and credit A/P.

**General Journal (GJ)**

Date Account Name/GL Account # Debit Credit

1/10 Sales Returns and Allowances/402 500

 A/R – Customer X/110 500

Immediately post the credit to the subsidiary A/R ledger account for Customer X to maintain a current balance. Wait and post **both** the debit and credit to the two GL accounts (Sales Returns and Allowances and A/R) after all transactions have been journalized.

**Cash Receipts Journal (CRJ)**

Date Explanation Cash A/R Sales Other Other Acct Name/GL Acct #

1/12 Pmt received from X 1,470 (1,500) 30 Sales Discounts/404

Post the $1,500 credit to the subsidiary A/R ledger account for Customer X immediately to maintain a current balance (now zero after the return and the payment). The $1,470 is calculated as: $1,500 x 2% discount = $30. $1,500 owed less $30 discount = $1,470 paid. Once all transactions have been journalized, post to GL accounts as follows: Sum the Cash, A/R and Sales columns and post these totals to Cash (debit), A/R (credit), and Sales Revenue (credit).

**Do not** sum the “Other” column—these amounts must be individually posted to the GL account listed in the “Other Acct Name” column. In this example the $30 should be posted to the Sales Discounts account as a debit. It may help to jot down the entry on scratch paper in general journal style (but remember it **does not appear** in the general journal—only in the cash receipts journal):

Cash 1,470

Sales Discounts 30

 A/R 1,500

**Cash Disbursements Journal (CDJ)**

Date Explanation Cash A/P Purchases Other Other Acct Name/GL Acct #

1/13 Pmt made to Y (2,910) 3,000 (90) Purchase Discounts/508

Post the $3,000 debit to the subsidiary A/P ledger account for Supplier Y immediately to maintain a current balance (now zero after the payment). The $2,910 is calculated as: $3,000 x 3% discount = $90. $3,000 owed less $90 discount = $2,910 paid. Once all transactions have been journalized, post to GL accounts as follows: Sum the Cash, A/P and Purchases columns and post these totals to Cash (credit), A/P (debit), and Purchases (debit).

**Do not** sum the “Other” column—these amounts must be individually posted to the GL account listed in the “Other Acct Name” column. In this example the $90 should be posted to the Purchase Discounts account as a credit. As above, the “journal style” entry may help with debits/credits:

A/P 3,000

 Cash 2,910

 Purchase Discounts 90

**CU DENVER, INC. -** **Sales Journal**

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| **Date** | **A/R Acct #** | **Customer Name** | **Invoice #** | **Amount** |
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**CU DENVER, INC. -** **Purchases Journal**

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| **Date** | **A/P Acct #** | **Supplier Name** | **Invoice #** | **Amount** |
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**CU DENVER, INC. – Cash Receipts Journal**

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| **Date** | **Explanation** | **Cash****DR** | **A/R****(CR)** | **Sales****(CR)** | **Other****DR/(CR)** | **Other Acct. Name/GL Acct #** |
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**CU DENVER, INC. – Cash Disbursements Journal**

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| **Date** | **Explanation** | **Cash****(CR)** | **A/P****DR** | **Purchases****DR** | **Other****DR or (CR)** | **Other Acct. Name/GL Acct #** |
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**CU DENVER, INC. – General Journal (December Transactions)**

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**CU DENVER, INC. – General Journal (Adjusting Entries)**

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**CU DENVER, INC. – General Journal (Adjusting Entries - continued)**

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**CU DENVER, INC. – General Journal (Closing Entries)**

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**CU DENVER, INC. – Subsidiary A/R Ledger**

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| **Customer Name** | **Customer #** | **Explanation** | **Date** | **Debit** | **Credit** | **Balance** |
| **Krohngold** | **110-12** | **Balance** | **12/1** |  |  | **$8,000** |
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| **Goar** | **110-25** | **Balance** | **12/1** |  |  | **$22,000** |
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| **Winters** | **110-33** | **Balance** | **12/1** |  |  | **$16,000** |
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| **Tishman** | **110-44** | **Balance** | **12/1** |  |  | **$60,000** |
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| **O’Malley** | **110-46** | **Balance** | **12/1** |  |  | **$24,000** |
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| **Becker** | **110-47** | **Balance** | **12/1** |  |  | **$30,000** |
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| **Riley** | **110-48** |  |  |  |  |  |
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**CU DENVER, INC. – Subsidiary A/P Ledger**

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| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Vendor #** | **Explanation** | **Date** | **Debit** | **Credit** | **Balance** |
| **RamsIndustries** | **210-17** | **Balance** | **12/1** |  |  | **$36,000** |
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| **TH, Inc.** | **210-20** | **Balance** | **12/1** |  |  | **$24,000** |
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| **DevilCo** | **210-22** | **Balance** | **12/1** |  |  | **$40,000** |
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| **NYCCorp** | **210-25** |  |  |  |  |  |
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| **OfficeMin** | **210-30** |  |  |  |  |  |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **100** | **Cash** |  |  |  | **600,000** |
|  |  |  |  |  |  |
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| **110** | **Accounts Receivable** |  |  |  | **160,000** |
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| **115** | **AFDA** |  |  |  | **(10,000)** |
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| **120** | **Interest Receivable** |  |  |  | **-0-** |
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|  |  |  |  |  |  |
| **130** | **Inventory** |  |  |  | **300,000** |
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| **135** | **Supplies** |  |  |  | **8,000** |
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| **140** | **Prepaid Rent** |  |  |  | **52,000** |
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| **145** | **Prepaid Insurance** |  |  |  | **15,000** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **150** | **AFS Investments** |  |  |  | **250,000** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **160** | **Land** |  |  |  | **450,000** |
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| **170** | **Buildings** |  |  |  | **800,000** |
|  |  |  |  |  |  |
| **175** | **Acc. Deprc. - Bldgs** |  |  |  | **(120,000)** |
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|  |  |  |  |  |  |
| **180** | **Equipment** |  |  |  | **324,000** |
|  |  |  |  |  |  |
| **185** | **Acc. Deprc. - Eqpt** |  |  |  | **(86,400)** |
|  |  |  |  |  |  |
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| **190** | **Patent** |  |  |  | **163,500** |
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| **210** | **Accounts Payable** |  |  |  | **(100,000)** |
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| **220** | **Salaries Payable** |  |  |  | **(4,000)** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **225** | **Utilities Payable** |  |  |  | **(7,500)** |
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| **230** | **Interest Payable** |  |  |  | **(25,000)** |
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| **235** | **Unearned Rent** |  |  |  | **(48,000)** |
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| **240** | **Income Taxes Payable** |  |  |  | **(13,410)** |
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| **245** | **Dividends Payable** |  |  |  | **-0-** |
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| **250** | **Notes Payable** |  |  |  | **(300,000)** |
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| **300** | **Common Stock** **($1 par value)** |  |  |  | **(100,000)** |
|  |  |  |  |  |  |
| **310** | **Add’l Paid-in Capital** |  |  |  | **(1,497,000)** |
|  |  |  |  |  |  |
| **320** | **Retained Earnings** |  |  |  | **(662,000)** |
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| **325** | **Dividends** |  |  |  | **-0-** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **330** | **AOCI** |  |  |  | **(50,000)** |
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| **350** | **Treasury Stock** |  |  |  | **-0-** |
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| **400** | **Sales Revenue** |  |  |  | **(1,450,000)** |
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| **402** | **Sales Returns &****Allowances** |  |  |  | **100,000** |
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| **404** | **Sales Discounts** |  |  |  | **40,000** |
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| **410** | **Interest Revenue** |  |  |  | **(14,400)** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **420** | **Rent Revenue** |  |  |  | **(48,000)** |
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| **430** | **Dividend Revenue** |  |  |  | **-0-** |
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| **500** | **Cost of Goods Sold** |  |  |  | **-0-** |
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| **505** | **Purchases** |  |  |  | **700,000** |
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| **507** | **Purchase Returns &****Allowances** |  |  |  | **(40,000)** |
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| **508** | **Purchase Discounts** |  |  |  | **(20,000)** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **510** | **Salaries Expense** |  |  |  | **240,000** |
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| **515** | **Bad Debts Expense** |  |  |  | **28,000** |
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| **520** | **Rent Expense** |  |  |  | **44,000** |
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| **530** | **Deprc. Exp. - Bldgs** |  |  |  | **44,000** |
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| **535** | **Deprc. Exp. - Eqpt** |  |  |  | **19,800** |
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| **540** | **Patent Amort. Exp.** |  |  |  | **16,500** |
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| **550** | **Utilities Expense** |  |  |  | **80,000** |
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**CU DENVER, INC. – General Ledger**

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| **Acct #** | **Acct Name** | **Source** | **Debit** | **Credit** | **Balance – DR or (CR)** |
| **555** | **Supplies Expense** |  |  |  | **50,000** |
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| **560** | **Insurance Expense** |  |  |  | **27,500** |
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| **570** | **Interest Expense** |  |  |  | **30,000** |
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| **590** | **Income Tax Expense** |  |  |  | **53,410** |
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**CU DENVER, INC. – Adjusted Trial Balance**

**As of December 31, 2022**

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| **Account #** | **Account Name** | **Debit Balance** | **Credit Balance** |
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**CU DENVER, INC. – Adjusted Trial Balance (continued)**

**As of December 31, 2022**

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| **Account #** | **Account Name** | **Debit Balance** | **Credit Balance** |
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**CU DENVER, INC.**

**Income Statement**

**For the year ended December 31, 2022**

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**CU DENVER, INC. - Balance Sheet**

**As of December 31, 2022**

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**Workspace for Accrual to Cash Conversions for Statement of Cash Flows**

**CU DENVER, INC.**

**Statement of Cash Flows (Direct Method)**

**For the year ended December 31, 2022**

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**CU DENVER, INC.**

**Required Reconciliation of Net Income to Cash Flow from Operating Activities**

**For the year ended December 31, 2022**

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