

PRACTICE SET
Processing Business Papers to Financial Statements
Basic Level

HAIR PORT LANDING

BASIC FACTS

Tomas Mueller decided to start an old-fashioned barber shop, dba ("doing business as") Hair Port Landing. He began business on January 1, 20X1. He initially invested \$25,000 cash from personal funds, and borrowed an additional \$10,000 from a local bank.

Tomas immediately leased space, and ordered and received various items of furniture, fixtures, and equipment. Furniture and fixtures are anticipated to have a 10-year life. Hair care equipment has a 2-year life.

Many additional facts can be learned by examining the accompanying business papers -- invoices, bills, etc. relating to purchases -- checks relating to disbursements -- and the copies of the business's deposit tickets. With the exception of the deposits on January 1, all other receipts are related to providing services to clients.

OBJECTIVE

Your objective is typical of that faced by every small business! Examine the accompanying business papers and prepare Hair Port Landing's general journal, ledger, trial balance, adjusted trial balance, and financial statements for January.

**BARBER SHOP SUPPLY**987 Industrial Blvd.
Chicago, IL 12345**INVOICE**

865

Bill to:Tomas Mueller
Hair Port Landing

Dallas, TX 99889

P.O. NUMBER	INVOICE DATE	F.O.B. POINT	TERMS	
66554f8	January 1, 20X1	Denver	net 10 days	
QTY	PART #	DESCRIPTION	UNIT PRICE	TOTAL
4	A7786	Full length Mirrors	\$ 900	\$ 3,600
2	C8876	Swivel Chair -- brown leather	1,500	3,000
1	M8776	Barber pole motor and light kit	5,400	5,400
2	449	Turn-key Hair care equipment kit	2,400	4,800
<i>Thank you for your business!</i>				
			TOTAL	\$ 16,800

LEASE AGREEMENT

This agreement is entered into between by and between PRIME SPACE, Inc. (lessor) and Tomas Mueller, dba Hair Port Landing (lessee). Lessee agrees to lease from lessor the retail space described as 111 Style Lane, Suite 15 in Dallas, Texas.

The term of the lease shall be for 24 months commencing on January 1, 20X1 and continuing until December 31, 20X2. Lessee is hereby granted the option to renew and extend the lease for ten successive one-year periods at the then prevailing market rate of rent.

Rent is due and payable on the 1st day of each month, commencing January 1, 20X1. In addition, lessee must prepay the last month's rent at the inception of the lease. Monthly rental shall be \$1,000 per month.

Lessor is responsible for all electricity, taxes, insurance, and property maintenance, save and except janitorial services. Lessee agrees to use reasonable care in protecting and preserving the quality of the property covered by this lease.

Date: January 1, 20X1

Henry Marshall
for Prime Space, Inc.

Tomas Mueller
Lessee

THRIFTY SHOPPER GUIDE
Plaza on Turtle Creek
Dallas, TX

Dear Mr. Mueller:

This letter confirms our agreement to run weekly advertisements in Thrifty Shopper Guide for the months of January, February, and March. You have accepted our promotional offer of \$2,250, payable in advance for this three month service agreement. We have commenced the ad campaign using the art work you prepared and provided to us relative to Hair Port Landing. This campaign will continue as scheduled provided we receive your full payment by January 20, 20X1.

Thank you for using Thrifty Shopper! We are confident you will see significant returns on your advertising dollars. Please contact your account representative, Heather Beran, if you have any questions.

Very truly,
Wilma Worthington



UTILITIES AND SERVICES

Your payment is due by February 15

Hair Port Landing
111 Style Lane, Suite 15

Amount Due	\$43.19
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Account # 123409

Water and sewer service for January 20X1

Meter Read:

Prior month	0 000 gal.
End of current month	4,000 gal.
Current months usage	4,000 gal.

BCA CORPORATION
Bargain Communications of America
the clear choice in voice over net phone service

Hair Port
123.456.7890
Billing cycle February 1, 20X1 to February 28, 20X1
Date due February 15, 20X1

Previous Balance	\$25
February service	\$25
Payments received	\$25
Balance due	\$25


TOTAL AMOUNT DUE \$25


BCA CORPORATION
Bargain Communications of America
the clear choice in voice over net phone service


Hair Port
123.456.7890
Billing cycle January 1, 20X1 to January 31, 20X1
Date due January 15, 20X1


Previous Balance	\$0
January service	\$25
Payments received	\$0
Balance due	\$25


TOTAL AMOUNT DUE \$25


Hair Port Landing		Cash and coins	
111 Style Lane, Suite 15		<i>Mueller</i>	\$ 25,000.00
Dallas, TX 99889	Checks	<i>1st Corner Bank</i>	10,000.00
Account # 78787878			
Date 1-1-X1			
		TOTAL	\$ 35,000.00


Hair Port Landing		Cash and coins	\$ 1,200.00
111 Style Lane, Suite 15		<i>Lenke</i>	20.00
Dallas, TX 99889	Checks	<i>Corbett</i>	15.00
Account # 78787878		<i>Bradley</i>	15.00
Date 1-2-X1		<i>Ali</i>	30.00
		TOTAL	\$ 1,280.00


Hair Port Landing		Cash and coins	\$ 2,100.00
111 Style Lane, Suite 15		<i>Luke</i>	25.00
Dallas, TX 99889	Checks	<i>Zhang</i>	40.00
Account # 78787878		<i>Sulramaniam</i>	15.00
Date 1-15-X1		<i>Smithy</i>	75.00
		TOTAL	\$ 2,255.00


Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	1002 Date: 1/5/20X1
Pay to the order of Ninfa's Party Supply	\$175.00
*****ONE-HUNDRED SEVENTY-FIVE and No/100 Dollars*****	
	
Memo <i>grand opening party</i>	<i>Thomas Mueller</i>


Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	1003 Date: 1/9/20X1
Pay to the order of Barber Shop Supply	\$16,800.00
*****SIXTEEN-THOUSAND EIGHT-HUNDRED and No/100 Dollars*****	
	
Memo <i>Invoice #685</i>	<i>Thomas Mueller</i>


Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	1004 Date: 1/15/20X1
Pay to the order of BCA Corporation	\$25.00
*****TWENTY-FIVE and No/100 Dollars*****	
	
Memo <i>phone bill</i>	<i>Thomas Mueller</i>

Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	1005 Date: 1/15/20X1
Pay to the order of Davo Marshall	\$1,100.00
*****ONE-THOUSAND ONE-HUNDRED and No/100 Dollars*****	
	
Memo <i>salary</i>	<i>Thomas Mueller</i>

Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	Date: 1/20/20X1	1006
Pay to the order of <u>Thrify Shopper</u>		\$2,250.00
*****ONE-THOUSAND and No/100 Dollars*****		
		
Memo <u>advertising agreement</u>		<u>Tomas Mueller</u>

Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	Date: 1/31/20X1	1007
Pay to the order of <u>Tomas Mueller</u>		\$500.00
*****FIVE-HUNDRED and No/100 Dollars*****		
		
Memo <u>distribution to owner</u>		<u>Tomas Mueller</u>

Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	Date: 1/31/20X1	1008
Pay to the order of <u>Davo Marshalllo</u>		\$1,100.00
*****ONE-THOUSAND ONE-HUNDRED and No/100 Dollars*****		
		
Memo <u>salary</u>		<u>Tomas Mueller</u>

Hair Port Landing 111 Style Lane, Suite 15 Dallas, TX 99889	Date: 1/31/20X1	1009
Pay to the order of <u>1st Corner Bank</u>		\$100.00
*****ONE-HUNDRED and No/100 Dollars*****		
		
Memo <u>Interest for January</u>		<u>Tomas Mueller</u>