

Pastina Company manufactures and sells various types of pasta to grocery chains as private label brands. The company's fiscal year-end is December 31. The November 30, 2013 trial balance is as follows:

<b>PASTINA COMPANY</b>		
<b>Trial Balance</b>		
<b>November 30, 2013</b>		
<b>Account Title</b>	<b>Debits</b>	<b>Credits</b>
Cash	\$ 20,000	
Accounts receivable	22,000	
Supplies	1,200	
Inventory	50,000	
Notes receivable	20,000	
Office equipment	96,000	
Accumulated depr.-office equipment		36,000
Accounts payable		28,000
Salaries payable		2,500
Common stock		140,000
Retained earnings		2,700
<b>Totals</b>	<b>\$209,200</b>	<b>\$209,200</b>

During December 2013, the following transactions occurred:

Dec.	1	Issued common stock in exchange for \$20,000 cash.
	1	Paid an insurance company \$2,760 for a one-year insurance policy.
	1	Borrowed \$33,000 from a local bank and signed a note. Principal and interest at 10% is to be repaid in six months.
	2	Purchased inventory on account for \$38,000 (the perpetual inventory system is used).
	7	Paid salaries accrued last month, amounting \$2,500.
	8	Purchased supplies with \$1,000 cash.
	10	Sold pasta on account for \$15,300. The cost of the pasta was \$7,300.
	15	Lent a supplier \$12,000 and a note was signed requiring principal and interest at 8% to be paid on March 15, 2014.
	16	\$1,000 in cash dividends were paid to shareholders.
	20	Paid employees \$2,300 wages for the first half of the month.
	22	Sold pasta for \$12,300 cash. The cost of the pasta was \$6,300.
	24	Paid \$15,300 to suppliers for the merchandise purchased on December 2.
	26	Collected \$6,150 on account from customers.
	28	Paid \$1,000 to the local utility company for December gas and electricity.
	30	Paid \$4,300 rent for the building. \$2,150 was for December rent, and \$2,150 for January rent.
	30	A customer paid Pastina \$1,300 in December for 1,290 pounds of spaghetti to be manufactured and delivered in January 2014.
	31	Depreciation on the equipment for December is \$400.

	31	\$900 of supplies remained on hand at December 31, 2013.
	31	Wages earned from December 16 through December 31, 2013, were \$2,400. The employees will be paid on January 7, 2014.

Required:

1. Prepare general journal entries to record each transaction. Omit explanations.
2. Post the entries to T-accounts.
3. Prepare an unadjusted trial balance as of December 31, 2013.
4. Prepare the necessary December 31, 2013, adjusting journal entries.
5. Post the adjusting entries to T-accounts.
6. Prepare an adjusted trial balance.
7. Prepare an income statement and a statement of shareholders' equity for the month ended December 31, 2013, and a classified balance sheet as of December 31, 2013.
8. Prepare closing entries and post to the accounts.
9. Prepare a post-closing trial balance.

Presentation Instruction:

1. Please type your answers. You can use Word and Excel to organize your work. **I do not accept any hand-written submission.**
2. The project will be due on September 4 at beginning of the class. Please print out a hard-copy and turn it in on time. One group only needs to submit one copy. **I do not accept any submission via e-mail. I also do not accept any late submission.**
3. Please indicate the name of your group members (including netID) in the cover page.