

Entry No. 27, Purchase Book.

Feb. 26.—Bought goods from T. Swan & Bros. amounting to \$240.20. Goods and invoice received O.K. Terms, 2% 10 days, net 30 days.

Entry No. 28, Cash Book.

Feb. 27.—The bank paid note due today in favor of F. Jarvis.

Entry No. 29, Cash Book.

Feb. 29.—Paid man in warehouse balance of month's salary, \$40.00.

After entering and posting all entries for the month it is usually required to take off a balance of the general ledger, accounts receivable and accounts payable ledgers. This is done in the model set Fig. 6, 7, 8.

The statement of assets, liabilities and net worth, Fig. 9, is the same as previously explained, so it will not be necessary to discuss it further.

The profit and loss statement, Fig. 10, is also prepared in the same manner as in Lesson III., except that the sales and purchases being in separate accounts the inventory of \$2278.02 is entered to the credit of the purchase account instead of to the merchandise account as before.

When closing the ledger it is only necessary to close accounts which show a profit or loss, but in the model set we have also closed the accounts showing assets and liabilities in order to illustrate the manner in which this is done. Some bookkeepers prefer closing all accounts in order to show clearly the balances at the beginning of the next period.