**Southside Tire Supply Company**

The Southside Tire Supply Company began 2015 with the following account balances

Cash $32,000 Accounts Payable $8,000

Accounts Receivable 18,000 Common Stock 40,000

Inventory 11,000 Retained Earnings 13,000

Total Assets $61,000 Total Liabilities & Equity $61,000

The following events occurred during 2015.

1. Purchased $28,000 of inventory on account.

2. Sold merchandise with a cost of $18,000 for $26,000 on account.

3. Estimated warranty costs on the sales in event #2 at $750.

4. Paid $3,500 cash for operating expenses.

5. Borrowed $30,000 from First Bank & Trust on May 1, 2015. The note is due in 1-year and carries a 4% annual interest rate.

6. The company accrued the interest charges on the note.

The following activities occurred during 2016 in addition to regular inventory purchases, merchandise sales, and collections of receivables.

1. Customer warranty claims totaled $400 and the parts and labor to cover the repairs were paid in cash.
2. The company re-paid the note in full on May 1st.