

The company is called ABC Co. All of the company's accounting work has been journalized through the end of May and the worksheet has been completed.

Required:

1. Using the Worksheet, prepare the Financial Statements. (Assume that there were no new Owner Investments during the year.)
2. Using the Worksheet, journalize the Closing Entries

ACCOUNT TITLES	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	138,204						138,204	
A/R	19,000						19,000	
Inventory	213,224		f)	1,224			212,000	
Store Supp	3,300		b)	900			2,400	
Office Supp	790		c)	490			300	
Prepaid Ins	3,000		a)	700			2,300	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	850				18,850
Office Equip	25,400						25,400	
Acc Amort		9,900	e)	500				10,400
A/P		54,740						54,740
Capital		307,050						307,050
Withdrawal	7,000						7,000	
Sale		158,000				158,000		
Sale Return	400				400			
Sale Disc.	372				372			
Cost of Sale	79,000		1,224	f)	80,224			
Amort-Store			850	d)	850			
Amort-Off.			500	e)	500			
Sale Salaries	9,000				9,000			
Off. Salaries	5,000				5,000			
Insurance			700	a)	700			
Rent Selling	3,200				3,200			
Rent Office	800				800			
Store Supp			900	b)	900			
Off. Supp.			490	c)	490			
Utilities	1,000				1,000			
	-----	-----	-----	-----	-----	-----	-----	-----
Totals	547,690	547,690	4,664	4,664	103,436	158,000	445,604	391,040
Net Income	=====	=====	=====	=====	54,564			54,564
					-----	-----	-----	-----
Totals					158,000	158,000	445,604	445,604
					=====	=====	=====	=====

ABC Co.
Income Statement
For Year Ended May 31, 2001

Gross Sales			
Less: Sales Returns			
Sales Discounts			
		-----	-----
Net Sales			
Cost of Goods Sold			

Gross Profit			
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment			
Sales Salaries			
Rent – Selling Space			
Store Supplies			

Total Selling Expenses			
General & Administrative Expenses:			
Amortization – Office Equipment			
Office Salaries			
Insurance			
Rent – Office Space			
Office Supplies			
Utilities			

Total General & Administrative Expenses			

Total Operating Expenses			

Income from Operations			
			=====

ABC Co.
Statement of Change in Owner's Equity
For Year Ended May 31, 2001

Tom Smith Capital – May 1, 2001	
Plus: Net Income	

Less: Tom Smith Withdrawals	

Tom Smith Capital – May 31, 2001	
	=====

ABC Co.
Balance Sheet
May 31, 2001

ASSETS:			
Current Assets:			
Cash			
Accounts Receivable			
Inventory			
Store Supplies			
Office Supplies			
Prepaid Insurance			

Total Current Assets			
Capital Assets:			
Store Equipment			
Less: Accumulated Amortization			

Office Equipment			
Less: Accumulated Amortization			
	-----	-----	
Total Capital Assets			

TOTAL ASSETS			=====
LIABILITIES:			
Accounts Payable			
EQUITY:			
Tom Smith Capital – May 31, 2001			

TOTAL LIABILITIES & OWNER'S EQUITY			=====

ABC Co.
Income Statement
For Year Ended May 31, 2001

Gross Sales			158,000
Less: Sales Returns		400	
Sales Discounts		372	772
		-----	-----
Net Sales			157,228
Cost of Goods Sold			80,224

Gross Profit			77,004
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	850		
Sales Salaries	9,000		
Rent – Selling Space	3,200		
Store Supplies	900		

Total Selling Expenses		13,950	
General & Administrative Expenses:			
Amortization – Office Equipment	500		
Office Salaries	5,000		
Insurance	700		
Rent – Office Space	800		
Office Supplies	490		
Utilities	1,000		

Total General & Administrative Expenses		8,490	

Total Operating Expenses			22,440

Income from Operations			54,564
			=====

ABC Co.
Statement of Change in Owner's Equity
For Year Ended May 31, 2001

Tom Smith Capital – May 1, 2001	307,050
Plus: Net Income	54,564

	361,614
Less: Tom Smith Withdrawals	7,000

Tom Smith Capital – May 31, 2001	354,614
	=====

ABC Co.
Balance Sheet
May 31, 2001

ASSETS:			
Current Assets:			
Cash		138,204	
Accounts Receivable		19,000	
Inventory		212,000	
Store Supplies		2,400	
Office Supplies		300	
Prepaid Insurance		2,300	

Total Current Assets			374,204
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,850	20,150	

Office Equipment	25,400		
Less: Accumulated Amortization	10,400	15,000	
	-----	-----	
Total Capital Assets			35,150

TOTAL ASSETS			409,354
			=====
LIABILITIES:			
Accounts Payable			54,740
EQUITY:			
Tom Smith Capital – May 31, 2001			354,614

TOTAL LIABILITIES & OWNER'S EQUITY			409,354
			=====

CLOSING ENTRIES**GENERAL JOURNAL (G6)**

DATE	ACCOUNT	PR	DEBIT	CREDIT
May 31	Sales		158,000	
	Sales Returns			400
	Sales Discounts			372
	Income Summary			157,228
	Explain: Close revenue accounts			
May 31	Income Summary		102,664	
	Cost of Goods Sold			80,224
	Amortization – Store Equipment			850
	Amortization – Office Equipment			500
	Sales Salaries			9,000
	Office Salaries			5,000
	Insurance			700
	Rent – Selling Space			3,200
	Rent – Office Space			800
	Store Supplies			900
	Office Supplies			490
	Utilities			1,000
	Explain: Close expense accounts			
May 31	Income Summary		54,564	
	Tom Smith, Capital			54,564
	Explain: Close Income Summary			
May 31	Tom Smith, Capital		7,000	
	Tom Smith, Withdrawals			7,000
	Explain: Close Owner Withdrawals			