

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	128,516						128,516	
A/R	19,000						19,000	
Inventory	222,890		f)	1,890			221,000	
Store Supp	3,400		b)	1,200			2,200	
Office Supp	910		c)	810			100	
Prepaid Ins	3,000		a)	800			2,200	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	900				18,900
Office Equip	28,100						28,100	
Acc Amort		9,900	e)	600				10,500
A/P		58,560						58,560
Capital		307,050						307,050
Withdrawal	6,000						6,000	
Sale		144,000				144,000		
Sale Return	300				300			
Sale Disc.	294				294			
Cost of Sale	72,000		1,890	f)	73,890			
Amort-Store			900	d)	900			
Amort-Off.			600	e)	600			
Sale Salaries	7,000				7,000			
Off. Salaries	3,000				3,000			
Insurance			800	a)	800			
Rent Selling	2,400				2,400			
Rent Office	600				600			
Store Supp			1,200	b)	1,200			
Off. Supp.			810	c)	810			
Utilities	1,100				1,100			
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Totals	537,510	537,510	6,200	6,200	92,894	144,000	446,116	395,010
Net Income	=====	=====	=====	=====	51,106			51,106
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Totals					144,000	144,000	446,116	446,116
					=====	=====	=====	=====

**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	
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Tom Smith Capital – May 31, 2001	
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**ABC Co.  
Balance Sheet  
May 31, 2001**

<b>ASSETS:</b>			
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			
			-----
<b>TOTAL ASSETS</b>			=====
<b>LIABILITIES:</b>			
Accounts Payable			
<b>EQUITY:</b>			
Tom Smith Capital – May 31, 2001			
			-----
<b>TOTAL LIABILITIES &amp; OWNER’S EQUITY</b>			=====



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

Gross Sales			144,000
Less: Sales Returns		300	
Sales Discounts		294	594
		-----	-----
Net Sales			143,406
Cost of Goods Sold			73,890
			-----
Gross Profit			69,516
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	900		
Sales Salaries	7,000		
Rent – Selling Space	2,400		
Store Supplies	1,200		
	-----		
Total Selling Expenses		11,500	
General & Administrative Expenses:			
Amortization – Office Equipment	600		
Office Salaries	3,000		
Insurance	800		
Rent – Office Space	600		
Office Supplies	810		
Utilities	1,100		
	-----		
Total General & Administrative Expenses		6,910	
		-----	
Total Operating Expenses			18,410
			-----
Income from Operations			51,106
			=====

**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	51,106
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	358,156
Less: Tom Smith Withdrawals	6,000
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Tom Smith Capital – May 31, 2001	352,156
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**ABC Co.  
Balance Sheet  
May 31, 2001**

<b>ASSETS:</b>			
Current Assets:			
Cash		128,516	
Accounts Receivable		19,000	
Inventory		221,000	
Store Supplies		2,200	
Office Supplies		100	
Prepaid Insurance		2,200	
		-----	
Total Current Assets			373,016
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,900	20,100	
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Office Equipment	28,100		
Less: Accumulated Amortization	10,500	17,600	
	-----	-----	
Total Capital Assets			37,700
			-----
<b>TOTAL ASSETS</b>			<b>410,716</b>
			=====
<b>LIABILITIES:</b>			
Accounts Payable			58,560
<b>EQUITY:</b>			
Tom Smith Capital – May 31, 2001			352,156
			-----
<b>TOTAL LIABILITIES &amp; OWNER’S EQUITY</b>			<b>410,716</b>
			=====

**CLOSING ENTRIES**

**GENERAL JOURNAL (G6)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
May 31	Sales	4130	144,000	
	Sales Returns	4140		300
	Sales Discounts	4150		294
	Income Summary	5998		143,406
	Explain: Close revenue accounts			
May 31	Income Summary	5998	92,300	
	Cost of Goods Sold	5020		73,890
	Amortization – Store Equipment	5120		900
	Amortization – Office Equipment	5130		600
	Sales Salaries	5200		7,000
	Office Salaries	5210		3,000
	Insurance	5370		800
	Rent – Selling Space	5410		2,400
	Rent – Office Space	5420		600
	Store Supplies	5500		1,200
	Office Supplies	5510		810
	Utilities	5900		1,100
	Explain: Close expense accounts			
May 31	Income Summary	5998	51,106	
	Tom Smith, Capital	3020		51,106
	Explain: Close Income Summary			
May 31	Tom Smith, Capital	3020	6,000	
	Tom Smith, Withdrawals	3030		6,000
	Explain: Close Owner Withdrawals			