

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	135,248						135,248	
A/R	18,000						18,000	
Inventory	212,116		f)	2,116			210,000	
Store Supp	3,300		b)	700			2,600	
Office Supp	830		c)	330			500	
Prepaid Ins	3,000		a)	500			2,500	
Store Equip	39,000						39,000	
Acc Amort		18,000	d)	560				18,560
Office Equip	26,200						26,200	
Acc Amort		9,900	e)	330				10,230
A/P		53,680						53,680
Capital		307,050						307,050
Withdrawal	8,000						8,000	
Sale		157,000				157,000		
Sale Return	200				200			
Sale Disc.	336				336			
Cost of Sale	78,500		2,116	f)	80,616			
Amort-Store			560	d)	560			
Amort-Off.			330	e)	330			
Sale Salaries	10,000				10,000			
Off. Salaries	6,000				6,000			
Insurance			500	a)	500			
Rent Selling	2,960				2,960			
Rent Office	740				740			
Store Supp			700	b)	700			
Off. Supp.			330	c)	330			
Utilities	1,200				1,200			
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Totals	545,630	545,630	4,536	4,536	104,472	157,000	442,048	389,520
Net Income	=====	=====	=====	=====	52,528			52,528
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Totals					157,000	157,000	442,048	442,048`
					=====	=====	=====	=====

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			157,000
Less: Sales Returns		200	
Sales Discounts		336	536
		-----	-----
Net Sales			156,464
Cost of Goods Sold			80,616

Gross Profit			75,848
Operating Expenses:			
Selling Expenses:			
Amortization - Store Equipment	560		
Sales Salaries	10,000		
Rent – Selling Space	2,960		
Store Supplies	700		

Total Selling Expenses		14,220	
General & Administrative Expenses:			
Amortization – Office Equipment	330		
Office Salaries	6,000		
Insurance	500		
Rent – Office Space	740		
Office Supplies	330		
Utilities	1,200		

Total General & Administrative Expenses		9,100	

Total Operating Expenses			23,320

Income from Operations			52,528
			=====

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	52,528

	359,578
Less: Tom Smith Withdrawals	8,000

Tom Smith Capital – May 31, 2001	351,578
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ABC Co.
Balance Sheet
May 31, 2001

ASSETS:			
Current Assets:			
Cash		135,248	
Accounts Receivable		18,000	
Inventory		210,000	
Store Supplies		2,600	
Office Supplies		500	
Prepaid Insurance		2,500	

Total Current Assets			368,848
Capital Assets:			
Store Equipment	39,000		
Less: Accumulated Amortization	18,560	20,440	

Office Equipment	26,200		
Less: Accumulated Amortization	10,230	15,970	
	-----	-----	
Total Capital Assets			36,410

TOTAL ASSETS			405,258
			=====
LIABILITIES:			
Accounts Payable			53,680
EQUITY:			
Tom Smith Capital – May 31, 2001			351,578

TOTAL LIABILITIES & OWNER'S EQUITY			405,258
			=====

CLOSING ENTRIES

GENERAL JOURNAL (G6)

DATE	ACCOUNT	PR	DEBIT	CREDIT
May 31	Sales		157,000	
	Sales Returns			200
	Sales Discounts			336
	Income Summary			156,464
	Explain: Close revenue accounts			
May 31	Income Summary		103,936	
	Cost of Goods Sold			80,616
	Amortization – Store Equipment			560
	Amortization – Office Equipment			330
	Sales Salaries			10,000
	Office Salaries			6,000
	Insurance			500
	Rent – Selling Space			2,960
	Rent – Office Space			740
	Store Supplies			700
	Office Supplies			330
	Utilities			1,200
	Explain: Close expense accounts			
May 31	Income Summary		52,528	
	Tom Smith, Capital			52,528
	Explain: Close Income Summary			
May 31	Tom Smith, Capital		8,000	
	Tom Smith, Withdrawals			8,000
	Explain: Close Owner Withdrawals			