Prob. 6–2A

1.

CASE-IT CO.
Income Statement
For the Year Ended November 30, 2010

Revenues:		
Net sales		$2,646,000
Expenses:		
Cost of merchandise sold	$1,926,000	
Selling expenses	439,200	
Administrative expenses	156,400	
Interest expense	4,400	
Total expenses		2,526,000
Net income		$ 120,000

2.

CASE-IT CO.
Statement of Owner's Equity
For the Year Ended November 30, 2010

Gina Hennessy, capital, December 1, 2009		$454,800
Net income for the year	$120,000	
Less withdrawals	45,000	
Increase in owner's equity		75,000
Gina Hennessy, capital, November 30, 2010		$529,800

Prob. 6–2A Continued

3.

CASE-IT CO.
Balance Sheet
November 30, 2010

Assets				Liabilities		
Current assets:				Current liabilities:		
Cash		$ 37,700		Accounts payable	$48,600	
Accounts receivable		111,600		Note payable (current portion)	8,000	
Merchandise inventory		180,000		Salaries payable	3,600	
Office supplies		5,000		Total current liabilities		$ 60,200
Prepaid insurance		12,000		Long-term liabilities:		
Total current assets			$346,300	Note payable (final payment due 2025)		46,000
Property, plant, and equipment:				Total liabilities		$106,200
Office equipment	$115,200					
Less accum. depreciation	49,500	$ 65,700		Owner's Equity		
Store equipment	$311,500			Gina Hennessy, capital		529,800
Less accum. depreciation	87,500	224,000				
Total property, plant, and equipment			289,700			
Total assets			$636,000	Total liabilities and owner's equity		$636,000

Prob. 6–2A Concluded

4.

2010				
Nov.	30	Sales	2,703,600	
		Income Summary		2,703,600
	30	Income Summary	2,583,600	
		Sales Returns and Allowances		37,800
		Sales Discounts		19,800
		Cost of Merchandise Sold		1,926,000
		Sales Salaries Expense		378,000
		Advertising Expense		50,900
		Depreciation Expense—Store Equipment		8,300
		Miscellaneous Selling Expense		2,000
		Office Salaries Expense		73,800
		Rent Expense		39,900
		Insurance Expense		22,950
		Depreciation Expense—Office Equipment		16,200
		Office Supplies Expense		1,650
		Miscellaneous Administrative Expense		1,900
		Interest Expense		4,400
	30	Income Summary	120,000	
		Gina Hennessy, Capital		120,000
	30	Gina Hennessy, Capital	45,000	
		Gina Hennessy, Drawing		45,000