

**Prob. 6–2A**

1.

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

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

2.

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

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

Prob. 6–2A Continued

3.

**CASE-IT CO.**  
**Balance Sheet**  
**November 30, 2010**

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

**Prob. 6–2A Concluded**
**4.**
**2010**

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