

6-4A – Preparing a Merchandiser’s Financial Statements

Below is the adjusted trial balance of Julie’s Plumbing Supplies:

Julie’s Plumbing Supplies		
Trial Balance		
31-Mar-17		
	<u>Debit</u>	<u>Credit</u>
Cash	\$24,000	
Accounts receivable	18,000	
Allowance for doubtful accounts		\$3,000
Inventory	54,000	
Prepaid insurance	6,000	
Equipment	125,000	
Accumulated depreciation - equipment		20,000
Accounts payable		15,000
Wages payable		7,000
Unearned revenues		5,000
Bank loan payable		84,000
Common shares		1,000
Retained earnings		41,000
Dividends	6,000	
Sales revenues		<u>365,000</u>
Sales returns and allowances	25,000	
Cost of goods sold	150,000	
Wages expense	55,000	
Bad debt expense	5,000	
Advertising expense	12,000	
Utilities expense	2,000	
Depreciation expense	6,000	
Rent expense	15,000	
Insurance expense	10,000	
Interest expense	7,000	
Income tax expense	<u>21,000</u>	
Total	<u>\$541,000</u>	<u>\$541,000</u>

Required:

- Assuming no shares were issued or repurchased during the year, in good form, prepare an income statement, statement of changes in shareholders’ equity for the year ended March 31, 2017 and a balance sheet as at March 31, 2017.
- Compute the gross profit percentage based on your answer for requirement a.)