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JOSIE'S CLOTHING INCOME STATEMENT FOR THE YEAR ENDING DECEMBER 31			
Gross sales			<u>\$159,000</u>
Returns		Subtract ①	<u>\$9,000</u>
Net sales			<u>\$150,000</u>
Inventory, January 1			<u>\$47,000</u>
Cost of goods purchased	<u>\$104,000</u>	Add ②	
Freight	<u>\$2,000</u>		
Total cost of goods purchased			<u>\$106,000</u>
Total of goods available for sale			<u>\$153,000</u>
Inventory, December 31		Subtract ④	<u>\$56,000</u>
Cost of goods sold			<u>\$97,000</u>
Gross profit			<u>\$53,000</u>
Expenses			
Salaries and wages	<u>\$18,000</u>		
Rent	<u>\$9,000</u>		
Advertising	<u>\$1,000</u>		
Utilities	<u>\$2,000</u>	Add ⑥	
Taxes on inventory, payroll	<u>\$4,000</u>		
Miscellaneous expenses	<u>\$6,000</u>		
Total expenses			<u>\$40,000</u>
Net income before taxes		Subtract ⑦	<u>\$13,000</u>
Income taxes		Subtract ⑧	<u>\$ 500</u>
Net income			<u>\$12,500</u>