

Hanna Sports is a retailer that specializes in athletic equipment. The corporate strategy is to focus on towns with a population of less than 25,000 people, thereby avoiding head-to-head competition with large retail chains. Following is Hanna's adjusted trial balance for the year 20X7. Hanna's ending inventory is \$525,525.

<b>HANNA SPORTS CORPORATION</b>		
<b>Adjusted Trial Balance</b>		
<b>As of December 31, 20X7</b>		
	<b>Debits</b>	<b>Credits</b>
<b>Cash</b>	\$ 644,909	\$ -
<b>Accounts receivable</b>	333,654	-
<b>Inventory, Jan. 1</b>	433,477	-
<b>Equipment</b>	488,765	-
<b>Accumulated depreciation</b>	-	144,895
<b>Accounts payable</b>	-	111,888
<b>Loan payable</b>	-	500,900
<b>Capital stock</b>	-	250,000
<b>Retained earnings, Jan. 1</b>	-	322,433
<b>Dividends</b>	25,000	-
<b>Sales</b>	-	3,665,667
<b>Sales discounts</b>	23,112	-
<b>Sales returns and allowances</b>	144,367	-
<b>Purchases</b>	2,198,560	-
<b>Purchase discounts</b>	-	114,432
<b>Purchase returns and allowances</b>	-	26,341
<b>Freight-in</b>	73,091	-
<b>Selling expenses</b>	185,312	-
<b>Rent expense</b>	262,000	-
<b>Interest expense</b>	60,400	-
<b>Salaries expense</b>	200,700	-
<b>Depreciation expense</b>	63,209	-
	<u>\$ 5,136,556</u>	<u>\$ 5,136,556</u>

- (a) Prepare a comprehensive income statement.  
 (b) Prepare closing entries.