

Solution:

(1)

The closing entries for the Bonfiglio Company are as follows:

Income Summary To Revenue	345,000	345,000
Cost of Sales Operating Expenses To Income Summary	165,000 135,000	300,000
Income Summary To Retained Earnings	45,000	45,000

These entries transfer the earnings to the retained earnings section of the balance sheet.

(2)

The income statement for 2012 is as follows:

STATEMENT OF INCOME (in £) of 2012

Name: Bonfiglio Company (London)

Particulars	Amount
Sales	345,000
Cost of Goods Sold	(165,000)
Gross Profit	180,000
Other Operating Revenue (Expenses)	(135,000)
Net Operating Income	45,000

The balance sheet is as follows:

CLASSIFIED & CONSOLIDATED BALANCE SHEET (in £)

Name: Bonfiglio Company (London)

As Of: 31 December, 2012

Particulars	Amount
ASSETS:	
Cash	44,000
Accounts Receivables	23,000
Inventories	75,000
Net fixed assets	121,000
Total assets	263,000
LIABILITIES:	
Accounts Payable	36,000
Total liabilities	36,000
STOCKHOLDERS' EQUITY	
Paid in Capital	90,000
Retained Earnings:	
As of 1 January 2012	92,000
Add: Net Income (Loss)	45,000
Retained Earnings as of 31 December, 2012	137,000
Total stockholders' equity	227,000
Total liabilities & stockholders' equity	263,000