

1	Cash	30,000	
	Common Stock		20,000
	Note Payable- Uncle Mike		10,000
	To record set up of business.		
2	Land	40,000	
	Common Stock		40,000
	To record exchange of land for 200 shares of common stock.		
3	Inventory	33,000	
	Cash		33,000
	To record purchase of 11 beamers @ \$3,000.		
4	Cash	64,000	
	Sales		64,000
	To record sale of 8 beamers @ \$8,000.		
5	Cost of Goods Sold	24,000	
	Inventory		24,000
	To record cost of inventory sold. (8@\$3,000)		
6	Security Deposit	2,000	
	Cash		2,000
	To record payment of security deposit.		
7	Rent Expense	15,000	
	Cash		15,000
	To record payment of rent.		
8	Advertising Expense	4,000	
	Cash		4,000
	To record payment of advertising.		
9	Interest Expense	1,000	
	Cash		1,000
	To record payment of interest on note.		
10	Tax Expense	6,000	
	Cash		3,000
	Taxes Payable		3,000
	To record payment of taxes.		
11	Sales	64,000	
	Cost of Goods Sold		24,000
	Rent Expense		15,000
	Advertising Expense		4,000
	Interest Expense		1,000
	Tax Expense		6,000
	Retained Earnings		14,000
	To close books		
		283,000	283,000



Year 1

**CBB, Inc.**  
**Balance Sheet**  
**December 31, 20X1**

Assets		Liabilities	
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash	\$ 36,000	Taxes Payable	\$ 3,000
Inventory	<u>9,000</u>	<b>Long-Term Liabilities</b>	
<b>Total Current Assets</b>	<u>45,000</u>	Note Payable- Mike	<u>10,000</u>
<b>Fixed Assets</b>		<b>Total Liabilities</b>	
Land	40,000	<u>13,000</u>	
<b>Other Assets</b>		<b>Owners' Equity</b>	
Security Deposit	<u>2,000</u>	Common Stock	\$ 60,000
<b>Total Assets</b>	<u>\$ 87,000</u>	Retained Earnings	<u>14,000</u>
		<b>Total Owners' Equity</b>	
		<u>74,000</u>	
		<b>Total Liabilities and Owners' Equity</b>	
		<u>\$ 87,000</u>	

**CBB, Inc.**  
**Income Statement**  
**For the Year Ended December 31, 20X1**

Sales	\$ 64,000	
Cost of Goods Sold	<u>24,000</u>	
Gross Margin	40,000	
<b>Operating Expenses</b>		
Rent Expense	\$ 15,000	
Advertising Expense	<u>4,000</u>	
<b>Total Operating Expenses</b>	<u>19,000</u>	
<b>Operating Income</b>	21,000	
<b>Other Revenues &amp; &lt;Expenses&gt;</b>		
Interest Expense	<u>(1,000)</u>	
<b>Income before Taxes</b>	20,000	
Tax Expense	<u>6,000</u>	
<b>Net Income</b>	<u>\$ 14,000</u>	
<b>Earnings Per Share</b>	<u>\$ 76.36</u>	14,000 / (100 x 7/12) + (300 x 5/12)

**CBB, Inc.**  
**Statement of Owners' Equity**  
**For the Year Ended December 31, 20X1**

	<u>Shares</u>	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Totals</u>
Beginning Balance		\$ -	\$ -	\$ -
Common Stock Issued	300	60,000		60,000
Net Income			14,000	14,000
Dividends Declared				
<b>Ending Balance</b>	<u>300</u>	<u>\$ 60,000</u>	<u>\$ 14,000</u>	<u>\$ 74,000</u>