

1	Inventory	120,000	
	Accounts Payable		20,000
	Cash		100,000
	To record purchase of 15,000 balloons @ \$8		
2	Cash	220,000	
	Sales		220,000
	To record sale of 11,000 balloons @ \$20		
3	Cost of Goods Sold	88,000	
	Inventory		88,000
	To record cost of inventory sold. (11,000@\$8)		
4	Note Payable-Land	28,000	
	Interest Expense	2,000	
	Cash		30,000
	To record payment on land		
5	Rent Expense	12,000	
	Cash		12,000
	To record payment of rent		
6	Wage Expense	36,000	
	Cash		36,000
	To record land invested for common stock		
7	Cash	10,000	
	Common Stock		10,000
	Sold 100 shares for \$10,000		
8	Truck	40,000	
	Cash		40,000
	To record purchase of truck		
9	Note Payable-Bank	50,000	
	Interest Expense	10,000	
	Cash		60,000
	To record payment on note		
10	Taxes Payable	18,600	
	Cash		18,600
	Paid taxes owed from last year		
11	Retained Earnings	2,000	
	Cash		2,000
	paid dividend		
12	Tax Expense	21,600	
	Taxes Payable		21,600
	To record current year taxes		
13	Sales	220,000	
	Cost of Goods Sold		88,000
	Rent Expense		12,000
	Wage Expense		36,000
	Interest Expense		12,000
	Tax Expense		21,600
	Retained Earnings		50,400
	To close books		

Bob's Big Balloons, Inc.
Income Statement
For the Year Ended December 31, 20X1

Sales		\$ 220,000
Cost of Goods Sold		<u>88,000</u>
Gross Margin		132,000
Operating Expenses		
Rent Expense	\$ 12,000	
Wage Expense	<u>36,000</u>	
Total Operating Expenses		<u>48,000</u>
Operating Income		84,000
Other Revenues & <Expenses>		
Interest Expense		<u>(12,000)</u>
Income before Taxes		72,000
Tax Expense		<u>21,600</u>
Net Income		<u>\$ 50,400</u>
Earnings Per Share	<u>\$</u>	<u>318.32</u>

Weighted Average Shares
100 x 5/12 + 200 x 7/12

Bob's Big Balloons, 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	100	\$ 5,000	\$ 43,400		\$ 48,400
Common Stock Issued	100	10,000			10,000
Net Income			50,400		50,400
Dividends Declared			<u>(2,000)</u>		<u>(2,000)</u>
Ending Balance	<u>200</u>	<u>\$ 15,000</u>	<u>\$ 91,800</u>		<u>\$ 106,800</u>

Bob's Big Balloons, Inc.
Balance Sheet
December 31, 20X1

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 82,400	Taxes Payable	\$ 21,600
Inventory	<u>40,000</u>	Accounts Payable	<u>20,000</u>
Total Current Assets	122,400	Total Current Liabilities	41,600
Fixed Assets		Long-Term Liabilities	
Land	30,000	Note Payable	<u>50,000</u>
Truck	40,000	Total Liabilities	<u>91,600</u>
Other Assets		Owners' Equity	
Security Deposit	<u>6,000</u>	Common Stock	\$ 15,000
Total Assets	<u>\$ 198,400</u>	Retained Earnings	<u>91,800</u>
		Total Owners' Equity	<u>106,800</u>
		Total Liabilities and Owners' Equity	<u>\$ 198,400</u>