

1	Cash	5,000	
	Common Stock		5,000
	To record stock issued, 500 shares @ \$10 each		
2	Cash	40,000	
	Notes Payable - Aunt Tanya		40,000
	Borrowed money from Aunt Tanya at 10% interest		
3	Inventory	18,000	
	Cash		18,000
	To record purchase of inventory (6 x \$3,000)		
4	Cash	32,000	
	Sales		32,000
	To record sale of inventory (4 x \$8,000)		
5	Cost of Goods Sold	12,000	
	Inventory		12,000
	To record cost of inventory sold (4 x \$3,000)		
6	Security Deposit	1,000	
	Cash		1,000
	Paid security deposit		
7	Advertising Expense	900	
	Cash		900
	To record payment for advertising		
8	Rent Expense	12,000	
	Cash		12,000
	To record payment of rent		
9	Taxes Payable	2,400	
	Cash		2,400
	Paid taxes owed from last year		
10	Interest Expense	4,000	
	Cash		4,000
	To record payment of interest		
11	Delivery Van	20,000	
	Cash		5,000
	Notes Payable - Van		15,000
	Purchased delivery van		
12	Tax Expense	930	
	Taxes Payable		930
	To record current year taxes		
13	Sales	32,000	
	Cost of Goods Sold		12,000
	Rent Expense		12,000
	Wage Expense		900
	Interest Expense		4,000
	Tax Expense		930
	Retained Earnings		2,170
	To close books		

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Wonkies, Inc.
Income Statement
For the Year Ended December 31, 20X2

Sales	\$ 32,000	
Cost of Goods Sold	<u>12,000</u>	
Gross Margin	20,000	
Operating Expenses		
Rent Expense	\$ 12,000	
Advertising Expense	<u>900</u>	
Total Operating Expenses	<u>12,900</u>	
Operating Income	7,100	
Other Revenues & <Expenses>		
Interest Expense	<u>(4,000)</u>	
Income before Taxes	3,100	
Tax Expense	<u>930</u>	
Net Income	<u>\$ 2,170</u>	
Earnings Per Share	<u>\$ 2.89</u>	\$2,170 / (500 6/12) + (1000 x6/12)

Wonkies, Inc.
Statement of Owners' Equity
For the Year Ended December 31, 20X2

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance	500	\$ 5,000	\$ 5,600	\$ 10,600
Common Stock Issued	500	5,000		5,000
Net Income			2,170	2,170
Dividends Declared			-	-
Ending Balance	<u>1000</u>	<u>\$ 10,000</u>	<u>\$ 7,770</u>	<u>\$ 17,770</u>

Wonkies, Inc.
Balance Sheet
December 31, 20X2

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 40,700	Taxes Payable	\$ 930
Inventory	<u>12,000</u>	Note Payable - Van	<u>15,000</u>
Total Current Assets	52,700	Total Current Liabilities	15,930
		Long-Term Liabilities	
		Note Payable - Aunt Tanya	40,000
Fixed Assets		Total Liabilities	55,930
Delivery Van	20,000		
		Owners' Equity	
		Common Stock	\$ 10,000
Other Assets		Retained Earnings	<u>7,770</u>
Security Deposit	<u>1,000</u>	Total Owners' Equity	<u>17,770</u>
Total Assets	<u>\$ 73,700</u>	Total Liabilities and Owners' Equity	<u>\$ 73,700</u>