

1	Cash	600,000	
	Common Stock		600,000
	Sold Stock (5,000 shares)		
2	Cash	100,000	
	Note Payable - Janet		100,000
	Borrowed Money		
3	Inventory	200,000	
	Cash		200,000
	Bought inventory (20*\$10000)		
4	Cash	450,000	
	Sales		450,000
	Sold cars (15 x \$30000)		
5	COGS	150,000	
	Inventory		150,000
	Record COGS (15 x \$10000)		
6	Rent Expense	12,000	
	Cash		12,000
	Paid rent		
7	Wages Expense	13,000	
	Cash		13,000
	Paid advertising		
8	Interest Expense	10,000	
	Cash		10,000
	Paid interest on loan		
9	Advertising Expense	2,000	
	Cash		2,000
	Paid Advertising		
10	Security Deposit	1,000	
	Cash		1,000
	Paid Security Deposit		
11	Land	40,000	
	Common Stock		40,000
	Bought land for 400 shares of stock (June 1)		
12	Wages Expense	1,000	
	Wages Payable		1,000
	Wages Owed at year end		
13	Retained Earnings	2,000	
	Cash		2,000
	Paid Dividends		
14	Tax Expense	78,600	
	Taxes Payable		39,300
	Cash		39,300
	Record Taxes		
15	Sales	450,000	
	COGS		150,000
	Wages Expense		16,000
	Rent Expense		10,000
	Advertising Expense		2,000
	Interest Expense		10,000
	Tax Expense		78,600
	Retained Earnings		183,400
	Close the year		

Should match the income statement.
and T accounts before close

If correct, will match net income

Sales	450,000	
COGS	(150,000)	
Rent	(10,000)	
Wages	(14,000)	
Advertising	(2,000)	
Interest	(10,000)	
Taxable Income	<u>264,000</u>	
	<u>30%</u>	x 30 %
	79,200	TAX EXPENSE

Andy's Cars, Inc.
Income Statement
For the Year Ended December 31, 20X0

Sales			450,000
Cost of Sales			150,000
Gross Profit			<u>300,000</u>
 Operating Expenses			
Salary Expense	\$	14,000	
Rent Expense		10,000	
Advertising Expense		4,000	
Total Operating Expenses			<u>28,000</u>
Income from Operations			<u>272,000</u>
 Other Revenues & <Expenses>			
Interest Expense		<	<u>10,000</u> >
Income before Taxes			<u>262,000</u>
Tax Expense			<u>78,600</u>
Net Income			<u><u>\$ 183,400</u></u>
 Earnings Per Share			<u><u>\$ 35.04</u></u>
=183400/(5000*5/12+5400*7/12)			

Andy's Cars, Inc.
Statement of Owners' Equity
For the Year Ended December 31, 20X0

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance		\$ -	\$ -	\$ -
Issuance of Stock	5,400	640,000		640,000
Net Earnings for the Year			183,400	183,400
Dividends Declared			< 2,000 >	< 2,000 >
Ending Balance	<u>5,400</u>	<u>\$ 640,000</u>	<u>\$ 181,400</u>	<u>\$ 821,400</u>

Andy's Cars, Inc.
Balance Sheet
December 31, 20X0

Assets		Liabilities & Owners' Equity	
Current Assets		Liabilities	
Cash	\$ 870,700	Current Liabilities	
Inventory	50,000	Taxes Payable	\$ 39,300
Total Current Assets	920,700	Wages Payable	1,000
 		Total Current Liabilities	40,300
Fixed Assets		Long-Term Debt	
Land	\$ 40,000	Note Payable	\$ 100,000
Net Fixed Assets	40,000	Total Long-Term Debt	100,000
 		Total Liabilities	140,300
Other Assets		Owners' Equity	
Security Deposit	1,000	Common Stock	640,000
 		Retained Earnings	181,400
Total Assets	\$ 961,700	Total Owners' Equity	821,400
		Total Liabilities & Owners' Equity	\$ 961,700

