| | | | |
|---|---|---|---|
| FI 1 | | | |
| 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 | 24,000 | |
| | Cash | | 24,000 |
| | To record purchase of 8 Fluffs @ $3,000. | | |
| | | | |
| 4 | Cash | 35,000 | |
| | Sales | | 35,000 |
| | To record sale of 5 Fluffs @ $7,000. | | |
| | | | |
| 5 | Cost of Goods Sold | 15,000 | |
| | Inventory | | 15,000 |
| | To record cost of inventory sold. (5@$3,000) | | |
| | | | |
| 6 | Security Deposit | 2,000 | |
| | Cash | | 2,000 |
| | To record payment of security deposit. | | |
| | | | |
| 7 | Rent Expense | 10,800 | |
| | Cash | | 10,800 |
| | To record payment of rent. | | |
| | | | |
| 8 | Advertising Expense | 4,200 | |
| | Cash | | 4,200 |
| | To record payment of advertising. | | |
| | | | |
| 9 | Interest Expense | 1,000 | |
| | Cash | | 1,000 |
| | To record payment of interest on note. | | |
| | | | |
| 10 | Tax Expense | 1,200 | |
| | Cash | | 600 |
| | Taxes Payable | | 600 |
| | To record payment of taxes. | | |
| | | | |
| 11 | Sales | 35,000 | |
| | Cost of Goods Sold | | 15,000 |
| | Rent Expense | | 10,800 |
| | Advertising Expense | | 4,200 |
| | Interest Expense | | 1,000 |
| | Tax Expense | | 1,200 |
| | Retained Earnings | | 2,800 |
| | To close books | | |

| | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fluff Yr 1 | | | | | | | | | | | | | | | | | | | | | |
| | Assets | | | = | | Liabilities | | + | | Owners' Equity | | | + | ( | Revenues | | | - | | Expenses | | ) |
| | Cash | | | | | | | | | Common Stock | | | | | Sales | | | | | Cost of Goods Sold | | |
| BB | 0 | | | | | | | | | | 0 | BB | | | | 35,000 | 4 | | 5 | 15,000 | | |
| 1 | 30,000 | | | | | | | | | | 20,000 | 1 | | 11 | 35,000 | | | | | | 15,000 | 11 |
| 4 | 35,000 | 24,000 | 3 | | | | | | | | 40,000 | 2 | | | | | | | | | | |
| | | 2,000 | 6 | | | | | | | | 60,000 | | | | | | | | | | | |
| | | 10,800 | 7 | | | | | | | | | | | | | | | | | Rent Expense | | |
| | | 4,200 | 8 | | | | | | | | | | | | | | | | 7 | 10,800 | | |
| | | 1,000 | 9 | | | | | | | Retained Earnings | | | | | | | | | | | 10,800 | 11 |
| | | 600 | 10 | | | | | | | | 0 | BB | | | | | | | | | | |
| | 65,000 | 42,600 | | | | Taxes Payable | | | | | 2,800 | 11 | | | | | | | | | | |
| | 22,400 | | | | | | 0 | BB | | | | | | | | | | | | Advertising Expense | | |
| | | | | | | | 600 | 10 | | | | | | | | | | | 8 | 4,200 | | |
| | Inventory | | | | | | | | | | | | | | | | | | | | 4,200 | 11 |
| BB | 0 | | | | | | | | | | | | | | | | | | | | | |
| 3 | 24,000 | 15,000 | 5 | | | | | | | | | | | | | | | | | | | |
| | 24,000 | 15,000 | | | | Note Payable- Mike | | | | | | | | | | | | | | Interest Expense | | |
| | 9,000 | | | | | | 0 | BB | | | | | | | | | | | 9 | 1,000 | | |
| | | | | | | | 10,000 | 1 | | | | | | | | | | | | | 1,000 | 11 |
| | Land | | | | | | | | | | | | | | | | | | | | | |
| BB | 0 | | | | | | | | | | | | | | | | | | | | | |
| 2 | 40,000 | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | Tax Expense | | |
| | Security Deposit | | | | | | | | | | | | | | | | | | 10 | 1,200 | | |
| BB | 0 | | | | | | | | | | | | | | | | | | | | 1,200 | 11 |
| 6 | 2,000 | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year 1 | | | | | | | | |
| | | | | | | | | |
| | | | Fluff, Inc. | | | | | |
| | | | Balance Sheet | | | | | |
| | | | December 31, 20Y1 | | | | | |
| | | | | | | | | |
| | | Assets | | | | Liabilities | | |
| | Current Assets | | | | Current Liabilities | | | |
| | Cash | | $ 22,400 | | Taxes Payable | | | $ 600 |
| | Inventory | | 9,000 | | Long-Term Liabilities | | | |
| | Total Current Assets | | 31,400 | | Note Payable- Mike | | | 10,000 |
| | | | | | Total Liabilities | | | 10,600 |
| | Fixed Assets | | | | | | | |
| | Land | | 40,000 | | Owners' Equity | | | |
| | | | | | Common Stock | | $ 60,000 | |
| | Other Assets | | | | Retained Earnings | | 2,800 | |
| | Security Deposit | | 2,000 | | Total Owners' Equity | | | 62,800 |
| | | | | | Total Liabilities and | | | |
| | Total Assets | | $ 73,400 | | Owners' Equity | | | $ 73,400 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | Fluff, Inc. | | | | |
| | | | Income Statement | | | | | |
| | | | For the Year Ended December 31, 20X1 | | | | | |
| | | | | | | | | |
| | | Sales | | | | $ 35,000 | | |
| | | Cost of Goods Sold | | | | 15,000 | | |
| | | Gross Margin | | | | 20,000 | | |
| | | | | | | | | |
| | | Operating Expenses | | | | | | |
| | | Rent Expense | | | $ 10,800 | | | |
| | | Advertising Expense | | | 4,200 | | | |
| | | Total Operating Expenses | | | | 15,000 | | |
| | | Operating Income | | | | 5,000 | | |
| | | Other Revenues & <Expenses> | | | | | | |
| | | Interest Expense | | | | (1,000) | | |
| | | Income before Taxes | | | | 4,000 | | |
| | | Tax Expense | | | | 1,200 | | |
| | | Net Income | | | | $ 2,800 | | |
| | | | | | | | | |
| | | Earnings Per Share | | | | $ 15.27 | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | Fluff, Inc. | | | | |
| | | | Statement of Owners' Equity | | | | | |
| | | | For the Year Ended December 31, 20Y1 | | | | | |
| | | | | | | | | |
| | | | | | Common | Retained | | |
| | | | | Shares | Stock | Earnings | Totals | |
| | | Beginning Balance | | | $ - | $ - | $ - | |
| | | Common Stock Issued | | 300 | 60,000 | | 60,000 | |
| | | Net Income | | | | 2,800 | 2,800 | |
| | | Dividends Declared | | | | 0 | 0 | |
| | | Ending Balance | | 300 | $ 60,000 | $ 2,800 | $ 62,800 | |