FI 2				
1	Inventory	45,000		
	Cash		18,000	
	Accounts Payable		27,000	
	To record purchase of 15 Fluffs @ $3,000 each			
	with 40% down			
2	Cash	42,000		
	Accounts Receivable	42,000		
	Sales		84,000	
	To record sale of 12 Fluffs @ $7,000 each			
	with 50% down			
3	Cost of Goods Sold	36,000		
	Inventory		36,000	
	To record cost of inventory sold (12@$3,000)			
4	Rent Expense	12,000		
	Cash		12,000	
	To record payment of rent			
5	Wage Expense	11,000		
	Cash		11,000	
	To record payment of wages			
6	Taxes Payable	600		
	Cash		600	
	Paid last years taxes owed at beginning of year			
7	Interest Expense	1,000		
	Cash		1,000	
	To record payment of interest expense			
8	Office Expense	10,000		
	Cash		10,000	
	To record payment of office expenses			
9	Retained Earnings	1,000		
	Cash		1,000	
	To record payment of dividend			
10	Advertising Expense	6,000		
	Cash		6,000	
	To record payment to The Post			
11	Cash	12,000		
	Common Stock		12,000	
	To record sale of 50 shares of common stock			
12	Wage Expense	1,000		
	Wages Payable		1,000	
	To record wages owed at the end of the year			
13	Tax Expense	2,100		
	Taxes Payable		2,100	
	To record 20x2 taxes			
14	Sales	84,000		
	Cost of Goods Sold		36,000	
	Rent Expense		12,000	
	Wage Expense		12,000	
	Interest Expense		1,000	
	Office Expense		10,000	
	Advertising Expense		6,000	
	Tax Expense		2,100	
	Retained Earnings		4,900	
	To close books			

	Fluff Year 2																						
	Assets			=	Liabilities			+		Owners' Equity													
	Cash				Accounts Payable					Common Stock					Sales								
BB	22,400	18,000	1				BB				60,000	BB				84,000	2						
2	42,000	12,000	4			27,000	1				12,000	11		14	84,000								
11	12,000	11,000	5			27,000					72,000												
		600	6																				
		1,000	7							Retained Earnings				Cost of Goods Sold									
		10,000	8		Wages Payable				9	1,000	2,800	BB		3	36,000								
		1,000	9			0	BB				1,800					36,000	14						
		6,000	10			1,000	12				4,900	14											
	76,400	59,600									6,700				Rent Expense								
	16,800													4	12,000								
					Taxes Payable											12,000	14						
						600	BB																
Accounts Receivable				6	600	2,100	13								Wage Expense								
BB	0					2,100								5	11,000								
2	42,000													12	1,000								
					Note Payable- Mike										12,000								
						10,000	BB									12,000	14						
	Inventory																						
BB	9,000																						
1	45,000	36,000	3												Interest Expense								
	54,000	36,000												7	1,000								
	18,000															1,000	14						
															Office Expense								
	Land													8	10,000								
BB	40,000															10,000	14						
														Advertising Expense									
	Security Deposit													10	6,000								

			Fluff, Inc.							
			Income Statement							
		For the Year Ended December 31, 20X2								
	Sales				$ 84,000					
	Cost of Goods Sold				36,000					
	Gross Margin				48,000					
	Operating Expenses									
	Rent Expense			$ 12,000						
	Office Expense			10,000						
	Wage Expense			12,000						
	Advertising Expense			6,000						
	Total Operating Expenses				40,000					
	Income from Operations				8,000					
	Other Revenues & <Expenses>									
	Interest Expense				(1,000)					
	Taxable Income				7,000					
	Tax Expense				2,100					
	Net Income				$ 4,900					
	Earnings Per Share				$ 14.17		=F21/((300*1/12)+(350*11/12))			
			12,000							

Fluff, Inc

Statement of Owners' Equity

For the Year Ended December 31, 20X2

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance	300	$ 60,000	$ 2,800	$ 62,800
Common Stock Issued	50	12,000		12,000
Net Income			4,900	4,900
Dividends Declared			(1,000)	(1,000)
Ending Balance	350	$ 72,000	$ 6,700	$ 78,700

12,000

			Fluff, Inc.					
			Balance Sheet					
			December 31, 20X2					
		Assets				Liabilities		
	Current Assets				Current Liabilities			
		Cash	$ 16,800			Accounts Payable		$ 27,000
		Accounts Receivable	42,000			Wages Payable		1,000
		Inventory	18,000			Taxes Payable		2,100
	Total Current Assets		76,800		Total Current Liabilities			30,100
					Long-Term Liabilities			
	Fixed Assets					Note Payable- Mike		10,000
		Land	40,000		Total Liabilities			40,100
						Owners' Equity		
	Other Assets				Common Stock		$ 72,000	
		Security Deposit	2,000		Retained Earnings		6,700	
					Total Owners' Equity			78,700
					Total Liabilities and			
	Total Assets		$ 118,800			Owners' Equity		$ 118,800