

Joe's Junkers 20X0			
1	Cash	30,000	
	Common Stock		30,000
	To record opening of business.		
2	Cash	50,000	
	Note Payable		50,000
	To record money borrowed from the bank		
3	Computer	5,000	
	Cash		5,000
	To record sales of 20,000@2.		
4	Inventory	50,000	
	Cash		50,000
	To record purchase of junk cars 100@500		
5	Cash	80,000	
	Sales		80,000
	To record sales 80@1000		
6	Cost of Goods Sold	40,000	
	Inventory		40,000
	To record cost of sales 80@500		
7	Rent Expense	6,000	
	Cash		6,000
	To record payment of rent		
8	Wage Expense	18,000	
	Cash		18,000
	To record Wages paid		
9	Interest Expense	5,000	
	Note Payable	10,000	
	Cash		15,000
	To record loan payment and interest		
10	Wage Expense	700	
	Wages Payable		700
	To record Wages owed		
11	Depreciation Expense	1,000	
	Accumulated Depreciation - Computer		1,000
	To record depreciation		
12	Tax Expense	2,790	
	Taxes Payable		2,790
	Record 20X0 taxes		
13	Sales	80,000	
	Cost of Goods Sold		40,000
	Rent Expense		6,000
	Wage Expense		18,700
	Depreciation Expense		1,000
	Interest Fees		5,000
	Tax Expense		2,790
	Retained Earnings		6,510
	To close yr. 1 books.		
		378,490	378,490

Joe's Junkers 20X0

<u>Assets</u>		=	<u>Liabilities</u>		+	<u>Owners' Equity</u>		+	<u>(Revenues</u>		-	<u>Expenses)</u>				
<u>Cash</u>			<u>Wages Payable</u>			<u>Common Stock</u>			<u>Sales</u>			<u>Cost of Goods Sold</u>				
BB	0			0 BB			30,000	1	13	80,000	80,000	5	6	40,000	40,000	13
1	30,000	5,000	3	700	10		30,000									
2	50,000	50,000	4													
5	80,000	6,000	7													
		18,000	8													
		15,000	9													
	160,000	94,000														
	66,000															
<u>Inventory</u>			<u>Taxes Payable</u>			<u>Retained Earnings</u>										
BB	0	40,000	6		0 BB		0 BB									
4	50,000				50,000	2	6,510	13								
	10,000				40,000											
<u>Computer</u>																
BB	0															
3	5,000															
	5,000															
<u>Accum Dep. - Computer</u>																
		0 BB														
		1,000														
		1000														

80,000

43,490

36,510

Joe's Junkers
Balance Sheet
December 31, 20X0

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 66,000	Wages Payable	\$ 700
Inventory	10,000	Taxes Payable	2,790
Total Current Assets	76,000	Current Portion of Long-Term Debt	10,000
		Total Current Liabilities	13,490
Fixed Assets		Long-Term Debt	
Computer	5,000	Note Payable	30,000
Accumulated Depreciation	\$ (1,000)	Total Liabilities	43,490
	4,000	Owners' Equity	
Other Assets		Common Stock	\$ 30,000
None		Retained Earnings	6,510
		Total Owners' Equity	36,510
Total Assets	\$ 80,000	Total Liabilities and Owners' Equity	\$ 80,000

Joe's Junkers
Income Statement
For the Year Ended December 31, 20X0

Sales	\$ 80,000
Cost of Goods Sold	40,000
Gross Margin	40,000
Operating Expenses	
Wage Expense	\$ 18,700
Rent Expense	6,000
Depreciation Expense	1,000
Total Operating Expenses	25,700
Operating Income	14,300
Other Revenues & <Expenses>	
Interest Expense	(5,000)
Income Before Taxes	9,300
Tax Expense	2,790
Net Income	\$ 6,510
Earnings Per Share	\$ 21.70

Joe's Junkers
Statement of Owners' Equity
For the Year Ended December 31, 20X0

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance		\$ -	\$ -	\$ -
Issuance of Stock	300	30,000		30,000
Net Earnings for the Year			6,510	6,510
Dividends Declared			0	0
Ending Balance	300	\$ 30,000	\$ 6,510	\$ 36,510