

Bobcat Betty's Fudge Sandwich Business, Inc. Yr. 2		
1 Inventory	24,000	
Accounts Payable		24,000
To record purchases of 24,000@1.		
2 Accounts Payable	27,000	
Cash		27,000
Record payments (4,000 + 23,000)		
3 Cash	48,000	
Sales		48,000
To record sales of 24,000@2.		
4 Cost of Goods Sold	24,000	
Inventory		24,000
To record cost of sales 24,000@1		
5 Wages Expense	13,000	
Cash		12,000
Wages Payable		1,000
To record salaries for year 2.		
6 Carts	12,000	
Cash		12,000
To record purchase of cart.		
7 Parking Fees Payable	500	
Parking Fees Expense	1,800	
Prepaid Parking Fees	50	
Cash		2,350
To record parking fees.		
8 Cash	16,000	
Loan Payable-Parents		16,000
To record interest-free loan from parents.		
9 Carts	14,000	
Cash		14,000
To record purchase of second cart.		
10 Cash	5,000	
Common Stock		5,000
To record sale of 100 shares.		
11 Taxes Payable	3,360	
Cash		3,360
To record payment of yr. 1 taxes.		
12 Depreciation Expense	2,300	
Accumulated Depreciation		2,300
To record depreciation expense on carts. $[(12,000-0)/12 + (14,000-1,000)/10]$		
13 Tax Expense	2,760	
Taxes Payable		2,760
To record yr 2 taxes.		
14 Sales	48,000	
Cost of Goods Sold		24,000
Salaries Expense		13,000
Parking Fees Expense		1,800
Depreciation Expense		2,300
Tax Expense		2,760
Retained Earnings		4,140
To close books.		
	241,770	241,770

Bobcat Betty's Fudge Sandwich Business, Inc.
Balance Sheet
December 31, 20X2

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 36,690	Accounts Payable	\$ 1,000
Inventory	4,000	Wages Payable	1,000
Prepaid Parking Fees	<u>50</u>	Taxes Payable	<u>2,760</u>
Total Current Assets	40,740	Total Current Liabilities	4,760
Fixed Assets		Long-Term Debt	
Carts	\$ 26,000	Contract Payable-Cart	<u>16,000</u>
Less: Accumulated Depreciation	<u>(2,300)</u>	Total Liabilities	20,760
Net Fixed Assets	23,700	Owners' Equity	
Other Assets		Common Stock	\$ 35,000
Security Deposit	<u>500</u>	Retained Earnings	<u>9,180</u>
Total Assets	<u>\$ 64,940</u>	Total Owners' Equity	<u>44,180</u>
		Total Liabilities and Owners' Equity	<u>\$ 64,940</u>

Bobcat Betty's Fudge Sandwich Business, Inc.
Income Statement
For the Year Ended December 31, 20X2

Sales	\$ 48,000
Cost of Goods Sold	<u>24,000</u>
Gross Margin	24,000
Operating Expenses	
Wages Expense	13,000
Parking Fees Expense	1,800
Depreciation Expense	<u>2,300</u>
Total Operating Expenses	17,100
Operating Income	6,900
Other Revenues & <Expenses>	
None	< <u>0</u> >
Income Before Taxes	6,900
Tax Expense	<u>2,760</u>
Net Income	<u>\$ 4,140</u>
Earnings Per Share	<u>\$ 12.74</u>

$$4,140 / (300 \times 9/12) + (400 \times 3/12)$$

Bobcat Betty's Fudge Sandwich Business, Inc.
Statement of Owners' Equity
For the Year Ended December 31, 20X2

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance	300	\$ 30,000	\$ 5,040	\$ 35,040
Issuance of Stock	100	5,000		5,000
Net Earnings for the Year			4,140	4,140
Dividends Declared			<u>0</u>	<u>0</u>
Ending Balances	<u>400</u>	<u>\$ 35,000</u>	<u>\$ 9,180</u>	<u>\$ 44,180</u>

Inventory Turn $\frac{24,000}{\frac{1,000 + 2,000}{2}} = \frac{24,000}{1,500} = 16 \text{ Times}$

**Average Days
Sales in Inventory** $\frac{365}{16} = 22.81 \text{ Days}$