

Declan's Doodads
Income Statement
For the Year Ended December 31, 20X2

Sales			\$ 1,200,000
Cost of Goods Sold			<u>700,000</u>
Gross Margin			500,000
Operating Expenses			
Wage Expense	\$	220,000	
Depreciation Expense		60,000	
Rent Expense		48,000	
Office Expense		46,000	
Utilities Expense		15,000	
Insurance Expense		<u>6,000</u>	
Total Operating Expenses			<u>395,000</u>
Operating Income			105,000
Other Revenues & <Expenses>			
Interest Expense		<u>(14,000)</u>	
Net Other Revenues & <Expenses>			<u>(14,000)</u>
Income Before Taxes			91,000
Tax Expense			<u>27,000</u>
Net Income			<u><u>\$ 64,000</u></u>
Earnings Per Share			<u><u>\$ 0.28</u></u>
$(\$64,000/((160,000*3/12)+(220,000*6/12)+(310,000*3/12)))$			

**Declan's Doodads
Balance Sheet
December 31, 20X2**

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 95,900	Accounts Payable	\$ 39,000
Accounts Receivable	77,000	Wages Payable	2,000
Inventory	70,000	Taxes Payable	10,000
Prepaid Insurance	4,600	Rent Payable	12,000
Total Current Assets	247,500	Interest Payable	6,500
		Current Maturities of	
Fixed Assets		Long-Term Debt	20,000
Equipment	320,000	Total Current Liabilities	89,500
Less: Accumulated			
Depreciation	(80,000)	Long-Term Debt	
Subtotal	240,000	Note Payable	110,000
Land	130,000	Total Liabilities	199,500
Net Fixed Assets	370,000		
		Owners' Equity	
Other Assets		Common Stock	310,000
Security Deposit	32,000	Retained Earnings	140,000
Total Assets	\$649,500	Total Owners' Equity	450,000
		Total Liabilities and	
		Owners' Equity	\$ 649,500

Declan's Doodads
Statement of Owners' Equity
For the Year Ended December 31, 20X2

	Shares	Common Stock	Retained Earnings	Totals
Beginning Balance	160,000	\$160,000	\$90,000	\$250,000
Issuance of Stock	150,000	150,000		150,000
Net Earnings for the Year			64,000	64,000
Dividends Declared			(14,000)	(14,000)
Ending Balance	<u>310,000</u>	<u>\$310,000</u>	<u>\$140,000</u>	<u>\$450,000</u>

Declan's Doodads
Statement of Cash Flows
For the Year Ended December 31, 20X2

Operating Activities	
Net Income	\$ 64,000
Adjustments to Net Income:	
Add: Depreciation Expense	60,000
Changes in:	
Increase in Net Accounts Receivable	(32,000)
Decrease in Inventory	20,000
Increase in Prepaid Insurance	(2,000)
Increase in Accounts Payable	9,000
Decrease in Wages Payable	(8,000)
Increase in Rent Payable	8,000
Increase in Taxes Payable	5,000
Decrease in Interest Payable	<u>(1,000)</u>
Cash Provided by Operating Activities	123,000
Investing Activities	
Purchases of Equipment	(40,000)
Purchase of Land	(130,000)
Purchase of Security Deposit	<u>(12,000)</u>
Cash Used for Investing Activities	(182,000)
Financing Activities	
Payments on Note Payable	(20,000)
Issuances of Common Stock	150,000
Payment of Dividends	<u>(14,000)</u>
Cash Used for Financing Activities	116,000
Increase in Cash	57,000
Beginning Cash	<u>38,900</u>
Ending Cash	<u><u>\$ 95,900</u></u>
Supplemental Cash Flow Information	
Cash payments for interest	\$ 15,000
Cash payments for income taxes	22,000

Declan's Doodads

Dividend Paid:

Beginning Retained Earnings	90,000
+ Net Income	64,000
Sub-Total	154,000
- Ending Retained Earnings	(140,000)
= Dividends	14,000

Cash payments for:

	Taxes	Interest
Expense	27,000	14,000
+ Payable, Last Year	5,000	7,500
- Payable, This Year	(10,000)	(6,500)
= Cash Paid	22,000	15,000