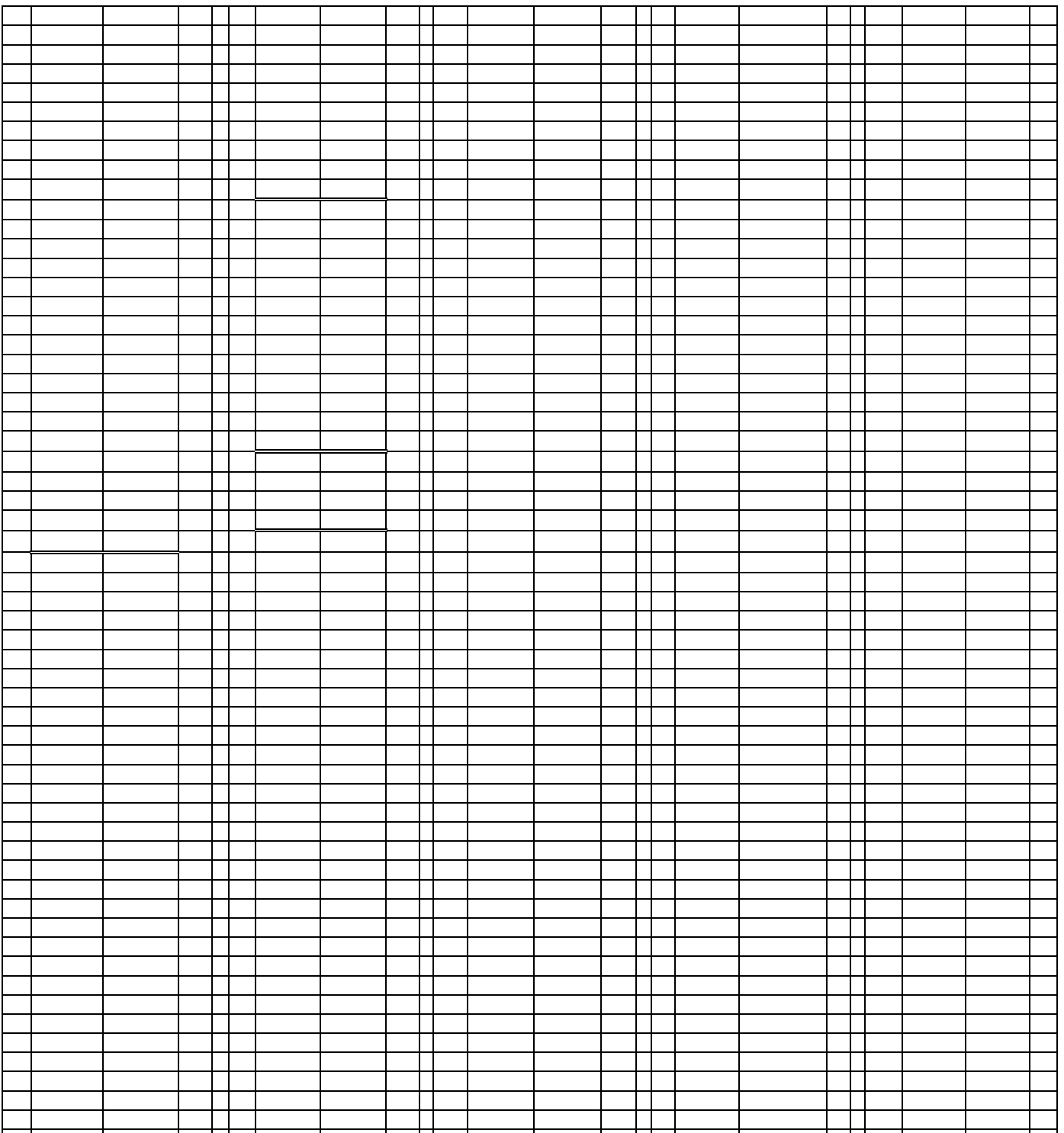


FL Yr 4			
1	Inventory	55,000	
	Cash		22,000
	Accounts Payable		33,000
	Bought 11 fluffs @ \$5,000 each, 40% down		
2	Cash	54,000	
	Accounts Receivable	54,000	
	Sales		108,000
	Sold 12 fluffs @ \$9,000 each, 50% down		
3	Cost of Goods Sold	56,000	
	Inventory		56,000
	Record cost of fluffs sold (4 x 4,000) + (8 x 5,000)		
4	Accounts Payable	26,400	
	Cash		26,400
	Paid suppliers		
5	Cash	52,000	
	Accounts Receivable		52,000
	Collected cash from customers		
6	Cash	20,000	
	Note Payable		20,000
	Vehicles	30,000	
	Cash		30,000
	To record purchase of delivery truck		
7	Depreciation Expense	4,000	
	Accumulated Depreciation-Vehicles		4,000
	To record depreciation expense for vehicle for year 4 (30,000-6,000)/6		
8	Depreciation Expense	4,000	
	Accumulated Depreciation-F & F		4,000
	To record year 4 depreciation on computer		
9	Interest Expense	1,400.00	
	Note Payable - Vehicle	4,504.54	
	Cash		5,904.54
	To record payment on note.		
10	Wages Payable	2,000	
	Wage Expense	11,000	
	Cash		13,000
	Paid worker		
11	Wage Expense	4,000	
	Wages Payable		4,000
	Owed to worker at end of year		
12	Rent Expense	12,000	
	Prepaid Rent		1,000
	Cash		11,000
	Paid 12 months rent		
13	Interest Expense	2,000	
	Note Payable - F & F	10,000	
	Cash		12,000
	To record payment on furniture loan		
14	Interest Expense	1,000	
	Note Payable-Uncle Mike	10,000	
	Cash		11,000
	To record payment of interest to Uncle Mike		
15	Taxes Payable	8,340	
	Cash		8,340
	Paid year 3 taxes		
16	Retained Earnings	8,000	
	Cash		8,000
	Paid dividend to shareholders		
17	Cash	20,000	
	Common Stock		20,000
	To record issuance of 100 shares of common stock		
18	Insurance Expense	2,400	
	Prepaid Insurance		2,400
	To record 12 months' insurance used up (3600/18*12)		
19	Tax Expense	3,060	
	Taxes Payable		3,060
	To record year 4 taxes		
20	Sales	108,000	
	Cost of Goods Sold		56,000
	Rent Expense		12,000
	Wages Expense		15,000
	Depreciation Expense		8,000
	Interest Expense		4,400
	Insurance Expense		2,400
	Tax Expense		3,060
	Retained Earnings		7,140
	To close year 4 books		
		563,105	563,105



Fluff Year 4 Post Closing Entry				=	Liabilities			+	Owners' Equity			+	(Revenues		-	Expenses)		
	Assets																				
	Cash				Accounts Payable				Common Stock					Sales				Cost of Goods Sold			
BB	7,300	22,000	1			26,400	BB		75,000	BB				108,000	2	3		56,000			
2	54,000	26,400	4	4	26,400	33,000	1		20,000	17	20			108,000				56,000	20		
5	52,000	30,000	6		26,400	59,400			95,000												
17	20,000	13,000	10			33,000													Rent Expense		
6	20,000	5,904.54	9						Retained Earnings								12		12,000		
		11,000	12		Wages Payable				21,160	BB									12,000	20	
		8,340	15	10	2,000	2,000	BB	16	8,000	7,140	20										
		12,000	13			4,000	11		8,000	28,300									Wage Expense		
		11,000	14						20,300	EB = BB							10		11,000		
		8,000	16														11		4,000		
	153,300	147,645																	15,000		
	5,655.46				Taxes Payable														15,000	20	
				15	8,340	8,340	BB														
	Accounts Receivable					3,060	19												Interest Expense		
BB	52,000				8,340	11,400												14	1,000		
2	54,000	52,000	5			3,060												9	1,400		
	106,000	52,000																13	2,000		
	54,000																		4,400	4,400	20
					Note Payable- Mike																
	Inventory			14	10,000	10,000	BB														
BB	16,000	56,000	3																Depreciation Expense		
1	55,000																	7	4,000		
	71,000	56,000			Note Payable - F & F													8	4,000		
	15,000					20,000	BB												8,000		
				13	10,000														8,000	20	
	Prepaid Rent					10,000															
BB	1,000	1,000	12																		
					Note Payable - Vehicle														Insurance Expense		
				9	4,504.54	20,000	6											18	2,400		
						15,495.46													2,400	20	
	Prepaid Insurance																				
BB	3,600	2,400	18																Tax Expense		
	1,200																	19	3,060		
																			3,060	20	
	Vehicles																				
BB	0																				
6	30,000																				
	Accumulated Depreciation-Vehicles																				
		0	BB																		
		4,000	7																		
		4,000																			
	Furniture and Fixtures																				
BB	45,000																				

accumulated depreciation is a contra asset account (balance sheet as a negative asset)

Fluff, Inc.					
Income Statement					
For the Year Ended December 31, 20X4					
Sales				\$	108,000
Cost of Goods Sold					56,000
Gross Margin					52,000
Operating Expenses					
Wage Expense			\$	15,000	
Rent Expense				12,000	
Depreciation Expense				8,000	
Insurance Expense				2,400	
Total Operating Expenses					37,400
Income From Operations					14,600
Other Revenues & <Expenses>					
Interest Expense			<	4,400	>
Income Before Taxes					10,200
Tax Expense					3,060
Net Income				\$	7,140
Earnings Per Share				\$	16.41
Fluff, Inc.					
Statement of Owners' Equity					
For the Year Ended December 31, 20X4					
		Common Stock		Retained Earnings	Total
Beginning Balance, 12/31/x3	\$	75,000		\$ 21,160	\$ 96,160
Stock Issued		20,000			20,000
Earnings for the year				7,140	7,140
Less: Dividend Declared				(8,000)	(8,000)
Ending Balance, 12/31/x4	\$	95,000		\$ 20,300	\$115,300
Fluff, Inc.					
Balance Sheet					
December 31, 20X4					
Assets			Liabilities		
Current Assets			Current Liabilities		
Cash	\$	5,655	Accounts Payable		\$ 33,000
Accounts Receivable		54,000	Wages Payable		4,000
Inventory		15,000	Taxes Payable		3,060
Prepaid Insurance		1,200	Note Payable - F & F		10,000
Total Current Assets		75,855	Note Payable - Vehicle		4,820
Property & Equipment			Total Current Liabilities		54,880
Vehicle	\$	30,000			
Office Equipment		45,000	Long-Term Debt		
Subtotal		75,000	Note Payable - Vehicle		10,675
Less: Accumulated Depreciation	(12,000)		Total Liabilities		65,555
Subtotal		63,000	Owners' Equity		
Land		40,000	Common Stock	\$95,000	
Net Property & Equipment		103,000	Retained Earnings	20,300	
Other Assets			Total Owners' Equity		\$115,300
Security Deposit		2,000			
Total Assets	\$	180,855	Total Liabilities & Owners' Equity		\$ 180,855

Fluff , Inc.			
Statement of Cash Flows			
For the Year Ended December 31, 20X4			
Operating Activities			
	Net Income		\$ 7,140
Adjustments to Net Income:			
	Add: Depreciation Expense		8,000
Changes in:			
	Increase in Net Accounts Receivable		(2,000)
	Decrease in Inventory		1,000
	Decrease in Prepaid Rent		1,000
	Decrease in Prepaid Insurance		2,400
	Increase in Accounts Payable		6,600
	Increase in Wages Payable		2,000
	Decrease in Taxes Payable		(5,280)
	Cash Provided by Operating Activities		20,860
Investing Activities			
	Purchases of Vehicle	(30,000)	
	Cash Used for Investing Activities		(30,000)
Financing Activities			
	Payments on Note Payable	(24,505)	
	Proceeds of Loan	20,000	
	Issuances of Common Stock	20,000	
	Payment of Dividends	(8,000)	
	Cash Provided by Financing Activities		7,495
	Increase in Cash		(1,645)
	Beginning Cash		7,300
	Ending Cash		\$ 5,655
Supplemental Cash Flow Information			
	Cash payments for interest		\$ 4,400
	Cash payments for income taxes		8,340

		Purchase of a \$30,000 Turck, with \$10,000 down, 7% interest and 4 equal annual payments						
			Payments	Interest Payment	Principal Payment	Principal Balance		
		Intial Amount				\$ 30,000.00		
		Down Payment			\$ 10,000.00	\$ 20,000.00		
		1	\$ 5,904.56	\$ 1,400.00	\$ 4,504.56	\$ 15,495.44		
		2	\$ 5,904.56	\$ 1,084.68	\$ 4,819.88	\$ 10,675.56		
		3	\$ 5,904.56	\$ 747.29	\$ 5,157.27	\$ 5,518.29		
		4	\$ 5,904.56	\$ 386.28	\$ 5,518.28	\$ 0.01	<--- Rounding	