

Fluff Yr 3			
1	Accounts Payable	27,000	
	Cash		27,000
	Paid money owed to suppliers		
2	Cash	42,000	
	Accounts Receivable		42,000
	Collected money from customers		
3	Inventory	44,000	
	Cash		17,600
	Accounts Payable		26,400
	To record purchase of 11 Fluffs @ \$4,000, 40% down		
4	Cash	52,000	
	Accounts Receivable	52,000	
	Sales		104,000
	To record sale of 13 Fluffs @ \$8,000.		
5	Cost of Goods Sold	46,000	
	Inventory		46,000
	To record cost of inventory sold. (6@\$3,000 + 7@4,000)		
6	Furniture & Fixtures	45,000	
	Cash		15,000
	Loan Payable - Furn & Fix		30,000
	To record purchase of Furn & Fix, 10% interest, \$10,000 principal for 3 years		
7	Depreciation Expense - Furn & Fix	4,000	
	Accum Depr - Furn & Fix		4,000
	To record Furn & Fix year 1 depreciation (45,000 - 5,000)/10)		
8	Prepaid Insurance	4,800	
	Cash		4,800
	To record purchase of 2 year insurance policy		
9	Insurance Expense	1,200	
	Prepaid Insurance		1,200
	To record 6 months insurance used (4800/24 = \$200 per month X 6 months)		
10	Wage Payable	1,000	
	Wage Expense	7,000	
	Cash		8,000
	To record wages paid		

11	Wage Expense	2,000	
	Wage Payable		2,000
	To record wages owed		
12	Rent Expense	12,000	
	Prepaid Rent	1,000	
	Cash		13,000
	To record payment of rent		
13	Retained Earnings	5,000	
	Cash		5,000
	Paid dividend		
14	Cash	3,000	
	Common Stock		3,000
	To record stock issued (10 shares)		
15	Loan Payable - Furn & Fix	10,000	
	Interest Expense	3,000	
	Cash		13,000
	To record payment 1 Furn & Fix loan		
16	Interest Expense	1,000	
	Cash		1,000
	To record payment of interest to U Mike		
17	Taxes Payable	2,100	
	Cash		2,100
	Paid taxes owed from last year		
18	Tax Expense	8,340	
	Taxes Payable		8,340
	To record current year taxes to be paid next year		
19	Sales	104,000	
	Cost of Goods Sold		46,000
	Rent Expense		12,000
	Wage Expense		9,000
	Interest Expense		4,000
	Depreciation Expense		4,000
	Insurance Expense		1,200
	Tax Expense		8,340
	Retained Earnings		19,460
	To close books		

Fluff Yr 3				=	Liabilities			+	Owners' Equity			+	(Revenues		-	Expenses)
Assets					Taxes Payable				Common Stock					Sales			Cost of Goods Sold		
BB	16,800			17	2,100	2,100	BB		72,000	BB	19	104,000	104,000	4	5	46,000	46,000	19	
2	42,000	27,000	1			8,340	18		3,000	13									
4	52,000	17,600	3		2,100	10,440													
14	3,000	15,000	6			8,340			75,000										
		4,800	9		Note Pay - U Mike												Rent Exp		
		8,000	10			10,000	BB		Retained Earn						12	12,000	12,000	19	
		13,000	12					13	5,000	6,700	BB								
		5,000	13							1,700									
		13,000	15							19,460	19								
		1,000	16							21,160							Wage Exp		
		2,100	17		Accounts Payable										10	7,000			
				1	27,000	27,000	BB								11	2,000			
						26,400	3									9,000	9,000	19	
						27,000				53,400									
	113,800	106,500				26,400										Interest Expense			
	7,300														15	3,000			
					Wage Payable										16	1,000			
				10	1,000	1,000	BB									4,000	4,000	19	
BB	42,000	42,000	2			2,000	11												
4	52,000					1,000				3,000									
	94,000	42,000				2,000													
	52,000															Depreciation Exp			
					Inventory										7	4,000	4,000	19	
BB	18,000	46,000	5	15	10,000	30,000	6												
3	44,000																4,000	4,000	
	62,000	46,000			10,000	30,000													
	16,000					20,000										Insurance Exp			
															9	1,200	1,200	19	
					Land														
BB	40,000																		
					Security Deposit											Tax Exp			
BB	2,000														18	8,340	8,340	19	
					Furn & Fix														
6	45,000																		
					Acc Depr - F & F														
		4,000	7																
		4,000																	
					Ppd Insurance														
9	4,800	1,200	10																
	4,800	1,200																	
	3,600																		
					Ppd Rent														
12	1,000																		
	1,000	0																	
	1,000																		

Fluff Year 3					
Fluff, Inc.					
Income Statement					
For the Year Ended December 31, 20X3					
	Sales				\$ 104,000
	Cost of Goods Sold				46,000
	Gross Margin				58,000
	Operating Expenses				
	Rent Expense			\$ 12,000	
	Wage Expense			9,000	
	Depreciation Expense			4,000	
	Insurance Expense			1,200	
	Total Operating Expenses				26,200
	Operating Income				31,800
	Other Revenues & <Expenses>				
	Interest Expense				(4,000)
	Income before Taxes				27,800
	Tax Expense				8,340
	Net Income				<u>\$ 19,460</u>
	Earnings Per Share				<u>\$ 55.21</u>
Fluff, Inc.					
Statement of Owners' Equity					
For the Year Ended December 31, 20X3					
		Common	Common	Retained	
		Stock	Stock	Earnings	Totals
	Beginning Balance	350	\$ 72,000	\$ 6,700	\$ 78,700
	Common Stock Issued	10	3,000		3,000
	Net Income			19,460	19,460
	Dividends Declared			(5,000)	(5,000)
	Ending Balance	360	\$ 75,000	\$ 21,160	\$ 96,160
Fluff, Inc.					
Balance Sheet					
December 31, 20X3					
	Assets			Liabilities	
	Current Assets			Current Liabilities	
	Cash	\$ 7,300		Taxes Payable	\$ 8,340
	Accounts Rec	52,000		Accounts Payable	26,400
	Inventory	16,000		Wages Payable	2,000
	Prepaid Insurance	3,600		Note Payable- Mike	10,000
	Prepaid Rent	1,000		Current LT Debt	10,000
	Total Current Assets	79,900		Total Current Liabilities	56,740
	Fixed Assets			Long-Term Liabilities	
	Land	40,000		Note Payable - Furn & Fix	10,000
	Furn & Fix	45,000		Total Long-Term Liabilities	10,000
	Acc Depr F&F	(4,000)			
	Total Fixed Assets	81,000		Total Liabilities	66,740
	Other Assets			Owners' Equity	
	Security Deposit	2,000		Common Stock	\$ 75,000
	Total Assets	<u>\$ 162,900</u>		Retained Earnings	21,160
				Total Owners' Equity	96,160
				Total Liabilities and	
				Owners' Equity	<u>\$ 162,900</u>