

1	Inventory	60,000	
	Accounts Payable		10,000
	Cash		50,000
	To record purchase of 6 things @ \$10,000		
2	Cash	200,000	
	Sales		200,000
	To record sale of 10 Fluffs @ \$20,000		
3	Cost of Goods Sold	100,000	
	Inventory		100,000
	To record cost of inventory sold. (10@\$10,000)		
4	Rent Expense	12,000	
	Cash		12,000
	To record payment of rent		
5	Wage Expense	40,000	
	Cash		40,000
	To record land invested for common stock		
6	Taxes Payable	2,000	
	Cash		2,000
	Paid taxes owed from last year		
7	Interest Expense	2,000	
	Cash		2,000
	To record payment of interest		
8	Retained Earnings	3,000	
	Cash		3,000
	Paid dividend		
9	Cash	18,000	
	Common Stock		18,000
	To record stock issued, 600 shares		
10	Tax Expense	13,800	
	Taxes Payable		6,900
	Cash		6,900
	To record current year taxes		
11	Sales	200,000	
	Cost of Goods Sold		100,000
	Rent Expense		12,000
	Wage Expense		40,000
	Interest Expense		2,000
	Tax Expense		13,800
	Retained Earnings		32,200
	To close books		

BB, Inc.
Income Statement
For the Year Ended December 31, 2020

Sales	\$	200,000	
Cost of Goods Sold		<u>100,000</u>	
Gross Margin		100,000	
Operating Expenses			
Rent Expense	\$ 12,000		
Wage Expense	<u>40,000</u>		
Total Operating Expenses		<u>52,000</u>	
Operating Income		48,000	
Other Revenues & <Expenses>			
Interest Expense		<u>(2,000)</u>	
Income before Taxes		46,000	
Tax Expense		<u>13,800</u>	
Net Income		<u><u>32,200</u></u>	
Earnings Per Share	\$	<u><u>14.00</u></u>	2000 x 6/12 + 2600 x6/12

BB, Inc.
Statement of Owners' Equity
For the Year Ended December 31, 2020

	<u>Shares</u>	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Totals</u>
Beginning Balance	2000	\$ 78,000	\$ 101,000	\$ 179,000
Common Stock Issued	500	18,000		18,000
Net Income			32,200	32,200
Dividends Declared			<u>(3,000)</u>	<u>(3,000)</u>
Ending Balance	<u>2500</u>	<u>\$ 96,000</u>	<u>\$ 130,200</u>	<u>\$ 226,200</u>

BB, Inc.
Balance Sheet
December 31, 2020

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 212,100	Taxes Payable	\$ 6,900
Inventory	<u>10,000</u>	Accounts Payable	<u>10,000</u>
Total Current Assets	222,100	Total Current Liabilities	16,900
Fixed Assets		Long-Term Liabilities	
Land	40,000	Note Payable	<u>20,000</u>
		Total Liabilities	36,900
Other Assets		Owners' Equity	
Security Deposit	<u>1,000</u>	Common Stock	\$ 96,000
		Retained Earnings	130,200
Total Assets	<u><u>\$ 263,100</u></u>	Total Owners' Equity	<u>226,200</u>
		Total Liabilities and Owners' Equity	<u><u>\$ 263,100</u></u>