

Bella Corporation
Income Statement
For the Year Ended December 31, 20X2

Sales		\$ 1,000,000
Cost of Goods Sold		500,000
Gross Margin		<u>500,000</u>
Operating Expenses		
Wage Expense	\$ 200,000	
Depreciation Expense	10,000	
Rent Expense	36,000	
Office Expense	26,000	
Utility Expense	10,000	
Total Operating Expenses		<u>282,000</u>
Operating Income		<u>218,000</u>
Other Revenues & <Expenses>		
Interest Expense		<u>(8,000)</u>
Income Before Taxes		210,000
Tax Expense		60,000
Net Income		<u><u>\$ 150,000</u></u>
Earnings Per Share		<u><u>\$ 1.94</u></u>
(\$150,000/((50,000*9/12)+(160,000*3/12))		

Bella Corporation
Balance Sheet
December 31, 20X2

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 60,000	Accounts Payable	\$ 55,000
Accounts Receivable	65,000	Wages Payable	6,000
Inventory	35,000	Taxes Payable	5,000
Total Current Assets	160,000	Interest Payable	4,000
		Current Maturities of	
		Long-Term Debt	10,000
Fixed Assets		Total Current Liabilities	80,000
Equipment	260,000		
Less: Accumulated		Long-Term Debt	
Depreciation	(30,000)	Note Payable	80,000
Net Fixed Assets	230,000	Total Liabilities	160,000
Other Assets		Owners' Equity	
Security Deposit	10,000	Common Stock	\$ 80,000
		Retained Earnings	160,000
Total Assets	400,000	Total Owners' Equity	240,000
		Total Liabilities and	
		Owners' Equity	\$ 400,000

Bella Corporation
Statement of Cash Flows
For the Year Ended December 31, 20X2

Operating Activities		
Net Income	\$	150,000
Adjustments to Net Income:		
Add: Depreciation Expense		10,000
Changes in:		
Increase in Accounts Receivable		(30,000)
Decrease in Inventory		15,000
Increase in Accounts Payable		25,000
Decrease in Wages Payable		(4,000)
Decrease in Taxes Payable		(2,000)
Increase in Interest Payable		1,000
Cash Provided by Operating Activities		<u>165,000</u>
 Investing Activities		
Purchases of Equipment	(60,000)	
Payment of Security Deposit	<u>(10,000)</u>	
Cash Used for Investing Activities		<u>(70,000)</u>
 Financing Activities		
Payments on Note Payable	(10,000)	
Issuances of Common Stock	30,000	
Payment of Dividends	<u>(70,000)</u>	
Cash Used for Financing Activities		<u>(50,000)</u>
Net Cash Flow		45,000
Beginning Cash		<u>15,000</u>
Ending Cash	\$	<u><u>60,000</u></u>
 Supplemental Cash Flow Information		
Cash payments for interest	\$	7,000
Cash payments for income taxes		62,000
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