

Difficulties				11	Truck	60,000	
1	Accounts Payable	13,000			Cash		10,000
	Cash		13,000		Contract Payable		50,000
	Paid suppliers				Purchased Truck		
2	Cash	50,000		12	Depreciation Exp	9,000	
	Accounts Receivable		50,000		Accum Deprec - Truck		9,000
	Collected cash from customers				record depreciation on truck		
3	Inventory	270,000		13	Rent Payable	4,000	
	Cash		67,500		Rent Expense	48,000	
	Accounts Payable		202,500		Prepaid Rent	4,000	
	Purchased 600 difficulties @ \$450 each, 25% down				Cash		56,000
					Paid rent		
4	Cash	200,000		14	Interest Expense	10,000	
	Accounts Receivable	200,000			Note Payable	20,000	
	Sales		400,000		Cash		30,000
	Sold 500 difficulties @ \$800 each, 50% down				Paid on note		
5	Cost of Goods Sold	221,000		15	Advertising Expense	12,000	
	Inventory		221,000		Cash		10,000
	Record cost of difficulties sold (80 x 400)+ (420 X 450)				Advertising Payable		2,000
					Advertising exp for the year		
6	Wages Payable	6,000		16	Land	15,000	-
	Wage Expense	34,000			Cash		5,000
	Cash		40,000		Common Stock		10,000
	Paid worker				Purchased land in exchange for 10,000 shares of common stock plus \$5,000		
7	Wage Expense	5,000		17	Retained Earnings	25,000	
	Wages Payable		5,000		Cash		25,000
	Owed to worker at end of year				Paid dividend		
8	Taxes Payable	5,000		18	Interest Expense		
	Cash		5,000		Contract Payable		
	Paid year 2008 taxes				Cash		-
9	Insurance Expense	1,200			Payment on truck		
	Prepaid Insurance		1,200	19	Tax Expense	15,540	
	insurance expense for year				Taxes Payable		7,770
10	Depreciation Expense	8,000			Cash		7,770
	Accumulated Depreciation		8,000		Record 2011 taxes		
	Record depreciation expense (90,000-10,000)/10)			20	Sales	400,000	
					Cost of Goods Sold		221,000
					Rent Expense		48,000
					Wages Expense		39,000
					Insurance Expense		1,200
					Depreciation Expense		17,000
					Interest Expense		10,000
					Tax Expense		15,540
					Advertising Expense		12,000
					Retained Earnings		36,260
					To close year		
		1,013,200	1,013,200			622,540	622,540
						1,635,740	1,635,740

Difficulties		=	Liabilities		+	Owners' Equity		+
<u>Assets</u>			<u>Accounts Payable</u>			<u>Common Stock</u>		
<u>Cash</u>				13,000 BB		20,000 BB		
BB	100,000							
				6,000 BB		<u>Retained Earnings</u>		
				4,000 BB		113,400 BB		
	0			5,000 BB				
	<u>Accounts Receivable</u>			0 BB				
BB	50,000							
	<u>Inventory</u>		<u>Advertising Payable</u>					
BB	32,000			0 BB				
	<u>Prepaid Insurance</u>							
BB	2,400							
	<u>Prepaid Rent</u>		<u>Note Payable- Bank</u>					
BB	0			100,000 BB				
	<u>Equipment</u>							
BB	90,000							
	<u>Accumulated Depreciation- Equip</u>							
				16,000 BB				
	<u>Truck</u>							

Accum Deprec- Truck

|

Land

BB

0

|

Security Deposit

BB

3,000

|

(Revenues	
Sales	

- Expenses)	
Cost of Goods Sold	

Wage Expense	

Rent Expense	

Insurance Expense	

Advertising Expense	

Depreciation Expense	

Interest Expense	

Tax Expense	

CK, Inc.
Income Statement
Year Ended December 31, 20X0

Sales	\$ 400,000
Cost of Goods Sold	<u>221,000</u>
Gross Margin	179,000
Operating Expenses	
Wage Expense	\$ 39,000
Rent Expense	48,000
Advertising Expense	12,000
Depreciation Expense	17,000
Insurance Expense	<u>1,200</u>
Total Operating Expenses	117,200
Income From Operations	<u>61,800</u>
Other Revenues & <Expenses>	
Interest Expense	<u>(10,000)</u>
Income Before Taxes	51,800
Tax Expense	<u>15,540</u>
Net Income	<u>\$ 36,260</u>
Earnings per Share	<u>\$ 1.61</u>
43,400/[(20,000*9/12)+(30,000*3/12)]	

CK, Inc.
Balance Sheet
December 31, 20X0

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 80,730	Accounts Payable	\$ 202,500
Accounts Receivable	200,000	Wages Payable	5,000
Inventory	81,000	Taxes Payable	7,770
Prepaid Insurance	1,200	Advertising Payable	2,000
Prepaid Rent	<u>4,000</u>	Current Portion of Note Payable	20,000
Total Current Assets	366,930	Current Portion of Contract Payable	<u>12,115</u>
		Total Current Liabilities	249,385
Property & Equipment		Long-term Liabilities	
Land	15,000	Note Payable- Net of Current Portion	60,000
Equipment	90,000	Contract Payable- Net of Current Portion	<u>26,455</u>
Truck	<u>60,000</u>		86,455
	165,000	Total Liabilities	335,840
Less: Accumulated Depreciation	<u>33,000</u>		
Net Property & Equipment	132,000	Owners' Equity	
		Common Stock	\$ 30,000
Other Assets		Retained Earnings	<u>124,660</u>
Security Deposit	<u>3,000</u>	Total Owners' Equity	<u>154,660</u>
Total Assets	<u>\$ 501,930</u>		
		Total Liabilities & Owners' Equity	<u>\$ 490,500</u>

Statement of Changes in Owners' Equity
For the Year Ended December 31, 20X0

	Common Stock	Retained Earnings	Total
Beginning Balance, December 31, 2015	\$20,000	\$113,400	\$133,400
Stock Issued	10,000		10,000
Earnings for the year		36,260	36,260
Less: Dividends Declared		<u>(25,000)</u>	<u>(25,000)</u>
Balance, December 31, 2016	<u>\$30,000</u>	<u>\$ 124,660</u>	<u>\$154,660</u>