

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 - Vehicle		20,000
	Borrowed money from bank.		
7	Vehicle	30,000	
	Cash		30,000
	Bought vehicle		
8	Depreciation Expense	4,000	
	Accumulated Depreciation-Vehicles		4,000
	To record depreciation expense for vehicle for year 4 (30,000-6,000)/6		
9	Depreciation Expense	4,000	
	Accumulated Depreciation-F & F		4,000
	To record year 4 depreciation on furniture		
10	Interest Expense	1,400.00	
	Note Payable - Vehicle	4,504.54	
	Cash		5,904.54
	To record payment on note.		
11	Wages Payable	2,000	
	Wage Expense	11,000	
	Cash		13,000
	Paid worker		
12	Wage Expense	4,000	
	Wages Payable		4,000
	Owed to worker at end of year		
13	Rent Expense	12,000	
	Prepaid Rent		1,000
	Cash		11,000
	Paid 12 months rent		
14	Interest Expense	2,000	
	Note Payable - F & F	10,000	
	Cash		12,000
	To record payment on furniture loan		
15	Interest Expense	1,000	
	Note Payable-Uncle Mike	10,000	
	Cash		11,000
	To record payment of interest to Uncle Mike		
16	Taxes Payable	8,700	
	Cash		8,700
	Paid year 3 taxes		
17	Retained Earnings	8,000	
	Cash		8,000
	Paid dividend to shareholders		
18	Cash	20,000	
	Common Stock		20,000
	To record issuance of 100 shares of common stock		
19	Tax Expense	3,780	
	Taxes Payable		3,780
	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
	Tax Expense		3,780
	Retained Earnings		8,820
	To close year 4 books		
		561,785	561,785

Fluff Year 4 Post Closing Entry

<u>Assets</u>		=	<u>Liabilities</u>		+	<u>Owners' Equity</u>		+	(<u>Revenues</u>		-	<u>Expenses</u>)	
<u>Cash</u>			<u>Accounts Payable</u>			<u>Common Stock</u>				<u>Sales</u>			<u>Cost of Goods Sold</u>	
BB	12,100	22,000	1				75,000	BB			108,000	2	3	56,000
2	54,000	26,400	4	26,400	26,400	BB	20,000	18	20					56,000
5	52,000	30,000	7	26,400	59,400									20
18	20,000	13,000	11		33,000									
6	20,000	5,904.54	10											
		11,000	13											
		8,700	16											
		12,000	14											
		11,000	15											
		8,000	17											
	158,100	148,005												
	10,095.46													
<u>Accounts Receivable</u>			<u>Wages Payable</u>			<u>Retained Earnings</u>							<u>Rent Expense</u>	
BB	52,000		11	2,000	2,000	BB	22,000	BB					13	12,000
2	54,000	52,000	5		4,000	17	8,000	20						12,000
	106,000	52,000					8,000	12						
	54,000						22,820							
<u>Inventory</u>			<u>Taxes Payable</u>										<u>Wage Expense</u>	
BB	16,000	56,000	16	8,700	8,700	BB								
1	55,000		19		3,780									
	71,000	56,000			12,480									
	15,000				3,780									
<u>Prepaid Rent</u>			<u>Note Payable - Mike</u>										<u>Interest Expense</u>	
BB	1,000	1,000	15	10,000	10,000	BB								
<u>Vehicles</u>			<u>Note Payable - F & F</u>										<u>Depreciation Expense</u>	
BB	0		14	10,000	20,000	BB								
7	30,000				10,000									
<u>Accumulated Depreciation-Vehicles</u>			<u>Note Payable - Vehicle</u>										<u>Tax Expense</u>	
		0	10	4,504.54	20,000	6								
		4,000			15,495.46									
		4,000												
<u>Furniture and Fixtures</u>													<u>Cost of Goods Sold</u>	
BB	45,000													
<u>Accumulated Depreciation-Furn & Fixtures</u>													<u>Rent Expense</u>	
		4,000	BB											
		4,000	9											
		8,000												
<u>Land</u>													<u>Wage Expense</u>	
BB	40,000													
<u>Security Deposit</u>													<u>Interest Expense</u>	
BB	2,000													

184,095.46

66,275.46
184,095.46

117,820

Fluff, Inc.
Income Statement
For the Year Ended December 31, 20X4

Sales	\$	108,000	
Cost of Goods Sold		<u>56,000</u>	
Gross Margin		52,000	
Operating Expenses			
Wage Expense	\$	15,000	
Rent Expense		12,000	
Depreciation Expense		8,000	
Insurance Expense		<u>0</u>	
Total Operating Expenses		<u>35,000</u>	
Income From Operations		17,000	
Other Revenues & <Expenses>			
Interest Expense	<	4,400	>
Income Before Taxes		12,600	
Tax Expense		3,780	
Net Income		<u><u>8,820</u></u>	
Earnings Per Share	\$	<u><u>20.28</u></u>	360 x 3/12 +

Fluff, Inc.
Statement of Owners' Equity
For the Year Ended December 31, 20X4

	Number of shares	Common Stock	Retained Earnings	Total
Beginning Balance	360	\$ 75,000	\$ 22,000	\$ 97,000
Stock Issued	100	20,000		20,000
Earnings for the year			8,820	8,820
Less: Dividend Declared			<u>(8,000)</u>	<u>(8,000)</u>
Ending Balance	460	<u>\$95,000</u>	<u>\$ 22,820</u>	<u>\$117,820</u>

Fluff, Inc.
Balance Sheet
December 31, 20X4

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 10,095	Accounts Payable	\$ 33,000
Accounts Receivable	54,000	Wages Payable	4,000
Inventory	15,000	Taxes Payable	3,780
Prepaid Insurance	<u>0</u>	Note Payable - F & F	10,000
Total Current Assets	79,095	Note Payable - Vehicle	<u>4820</u>
Property & Equipment		Total Current Liabilities	
Vehicle	\$ 30,000		55,600
Office Equipment	<u>45,000</u>	Long-Term Debt	
Subtotal	75,000	Note Payable - Vehicle	<u>10,675</u>
Less: Accumulated		Total Liabilities	
Depreciation	<u>(12,000)</u>		66,275
Subtotal	63,000	Owners' Equity	
Land	<u>40,000</u>	Common Stock	\$95,000
Net Property & Equipment	103,000	Retained Earnings	<u>22,820</u>
Other Assets		Total Owners' Equity	<u>\$117,820</u>
Security Deposit	<u>2,000</u>	Total Liabilities & Owners' Equity	
Total Assets	<u><u>\$ 184,095</u></u>		<u><u>\$ 184,095</u></u>

Fluff , Inc.
Statement of Cash Flows
For the Year Ended December 31, 20X4

Operating Activities		
Net Income	\$	8,820
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
Increase in Accounts Payable		6,600
Increase in Wages Payable		2,000
Decrease in Taxes Payable		(4,920)
Cash Provided by Operating Activities		20,500
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 Used for Financing Activities		7,495
Decrease in Cash		(2,005)
Beginning Cash		12,100
Ending Cash	\$	10,095
 Supplemental Cash Flow Information		
Cash payments for interest	\$	4,400
Cash payments for income taxes		8,700