Handout #4

Sales	**?**
Cost of Goods Sold	**?**
Gross Profit	
Operating expenses	
Depreciation expense	**?**
Other OE	**?**
Total OE	
Net Income	

Sales ?

Ending A/R **+** Cash Received From Customers **−** Beginning A/R

$5,900 + $51,300 - $4,200

= $53,000

Cash Received From Customers **+** **Increase in A/R**

$51,300 + $1,700

Sales	$53,000
Cost of Goods Sold	?

Purchases =

Ending A/P	+	Cash Paid To Suppliers	−	Beginning A/P
$7,000	+	$30,600	-	$6,100

= $31,500

Cash Paid to Suppliers	**+**	**Increase in A/P**
$30,600		+ $900

Sales	$53,000
Cost of Goods Sold	?

Cost of Goods Sold =

Beginning Inventory	+	Purchases	–	Ending Inventory
$5,600	+	$31,500	-	$6,300

= $30,800

Purchases	–	Increase in Inventory
$31,500		- $700

Sales		$53,000
Cost of Goods Sold		(30,800)
Gross Profit		22,200
Operating expenses		
Depreciation expense	1,200	

$12,000 / 10 years

Sales		$53,000
Cost of Goods Sold		(30,800)
Gross Profit		22,200
Operating expenses		
Depreciation expense	1,200	
Other OE	?	

Beginning Prepaid Rent	+	Cash Paid	−	Ending Prepaid Rent
$ 0	+	$7,200	-	$3,600

= $3,600

Cash Paid	−	Increase in Prepaid
$7,200		$3,600

Sales		$53,000
Cost of Goods Sold		(30,800)
Gross Profit		22,200
Operating expenses		
Depreciation expense	$1,200	
Rent expense	3,600	
Salaries expense	?	

Salaries Expense	900	
Salaries Payable		900

Sales		$53,000
Cost of Goods Sold		(30,800)
Gross Profit		22,200
Operating expenses		
Depreciation expense	$1,200	
Rent expense	3,600	
Salaries expense	900	
Other OE	5,500	
Total OE		11,200
Net Income		$11,000

Beginning RE	$ 8,600
Net Income	11,000
Dividends	(6,000)
Ending RE	$ 13,600

Assets

Current Assets		
Cash	$4,700	
Accounts receivable	5,900	
Inventory	6,300	
Prepaid rent	3,600	
Total current assets		$20,500
Property and Equipment		
Equipment	$12,000	
Less: Accumulated depreciation	(6,000)	
Total property and equip		6,000
Total Assets		$26,500

Liabilities

Accounts payable	$7,000	
Salaries payable	900	
Total Liabilities		$7,900

Stockholders' Equity

Common Stock	$ 5,000
Retained Earnings	13,600
Total Liabilities and Stockholders' Equity	$ 26,500