

The Pink Company

Income Statement

For the Year Ending December 2006

If your teacher's name is not Mr. Boulton, then the Excel file that made this has been stolen.

Revenue

Sales		\$ 65,500	
Sales Discounts	\$ (250)		
Sales Returns and Allowances	(500)	(750)	
<i>Net Sales</i>			\$ 64,750

Cost of Goods Sold

Beginning Inventory		\$ 46,000	
Purchases	\$ 16,960		
Purchase Discounts	(1,000)		
Purchase Returns and Allowances	(550)		
Net Purchases		15,410	
Freight-in		2,900	
Cost of Goods Available for Sale		64,310	
Less: Ending Inventory		(37,950)	
Cost of Goods Sold			\$ 26,360
<i>Gross Profit</i>			38,390

Operating Expenses

Automobile Expense		\$ 2,500	
Amortization Expense - Automobile		1,834	
Amortization Expense - Building		9,032	
Amortization Expense - Equipment		3,267	
Freight-out		1,750	
Insurance Expense		1,487	
Salaries Expense		12,350	
Supplies Expense		1,200	
Utilities Expense		1,450	
<i>Total Operating Expenses</i>			\$ 34,870

Operating Income (Net Income Before Interest,
Taxes and Extraordinary Items) **3,520**

Interest Expense		\$ (604)	
Loss on Disposal of Fixed Asset		(1,050)	
<i>Total of Extraordinary Items</i>			(1,654)

Net Income **\$ 1,866**

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Balance Sheet

December 31 2006

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Assets

Current Assets

Bank		\$ 20,381	
Accounts Receivable	\$ 10,215		
Allowance for Doubtful Accounts	<u>(315)</u>	9,900	
Merchandise Inventory		37,950	
Supplies		4,400	
Prepaid Insurance		<u>4,213</u>	
<i>Total Current Assets</i>			\$ 76,844

Fixed Assets

Building	\$ 123,900		
Accumulated Amortization - Building	<u>(42,608)</u>	\$ 81,292	
Office Equipment	30,000		
Accumulated Amortization - Equipment	<u>(29,400)</u>	600	
Automobile	27,850		
Accumulated Amortization - Automobile	<u>(16,581)</u>	<u>11,269</u>	
<i>Total Fixed Assets</i>			<u>\$ 93,160</u>

TOTAL ASSETS \$ 170,004

Liabilities and Owner's Equity

Current Liabilities

Accounts Payable		\$ 1,525	
Salaries Payable		1,450	
HST Payable	\$ 1,500		
HST Recoverable	<u>(740)</u>	760	
Current Portion of Mortgage Payable		<u>4,400</u>	
			\$ 8,135

Long Term Liabilities

Loan Payable		\$ 16,400	
Mortgage Payable		<u>39,600</u>	
<i>Total Long Term Liabilities</i>			\$ 56,000

J. Boulton, Capital

Equity at the Beginning of the Period		\$ 117,104	
Add: Net Income	\$ 1,866		
Less: Drawings	<u>(13,100)</u>		
Change in Equity for the Period		<u>(11,234)</u>	
<i>Equity at the End of the Period</i>			<u>\$ 105,869</u>

TOTAL LIABILITIES AND OWNER'S EQUITY \$ 170,004