

Dawg Company

Suggested solutions

Dawg Co. Financial Summary

Events	Assets				Liab.	Owners' Equity	
	Cash	Account Rec.	Inventory	Equipmt.	Account Payable	Contrib. Capital	Retained Earnings
1. Issue stock	50,000					50,000	
2. Buy equipmt.	-15,000			15,000			
3. Buy mugs			25,000		25,000		
4. Sell mugs		(a) 24,000	(b)-15,000				(a) 24,000 (b)-15,000
5. Pay wages	-6,000						-6,000
totals	29,000	24,000	10,000	15,000	25,000	50,000	3,000

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[The outline should appear with the headings and column labels but initially no numbers]

[Row 1: insert 50,000 under cash; then insert 50,000 under Contrib Capital]

[Row 2: repeat]

[And so on through row 5]

[insert all totals at once]

Dawg Co. Balance Sheet

DAWG COMPANY

	June 30,
Balance Sheet as of:	200x
ASSETS:	
Current assets:	
Cash	\$ 29,000
Accounts receivable	24,000
Inventories	10,000
<i>Total current assets</i>	<u>\$ 63,000</u>
Non-current assets:	
Equipment	15,000
<i>Total non-current assets</i>	<u>\$ 15,000</u>
TOTAL ASSETS	<u>\$ 78,000</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 25,000
TOTAL LIABILITIES	<u>\$ 25,000</u>
OWNER'S EQUITY	
Common stock	\$ 50,000
Retained earnings	3,000
<i>Total owners' equity</i>	<u>53,000</u>
TOTAL EQUITIES	<u>\$ 78,000</u>

These numbers are pulled directly from the totals in our worksheet.

Dawg Co. Income Statement

DAWG COMPANY

	June 30,
Income Statement for 3 months ended:	200x
Sales revenue:	\$ 24,000
Cost of goods sold	15,000
Gross Profit	\$ 9,000
Other expenses:	
Wages	\$ 6,000
Total other expenses	\$ 6,000
NET INCOME	\$ 3,000

Reconciliation to Ending Owners' Equity

Beginning Owners' Equity	0
Net Income (Loss)	3,000
Dividends	0
Ending Owners' Equity	3,000

The income statement is pulled directly from the righthand column of our worksheet -- the changes to retained earnings. (later we will set up a special column for income statement transactions called the expense and revenue summary.)

Dawg Co. - Stmt of Cash Flows Worksheet

Events	Cash	Operating	Investing	Financing
1. Issue stock	+50,000			+50,000
2. Buy equipmt.	-15,000		-15,000	
3. Buy mugs	--			
4. Sell mugs	--			
5. Pay wages	-6,000	-6,000		
totals	29,000	-6,000	-15,000	+50,000

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[Spreadsheet outline and cash column appears first.]

[starting with row 1, insert +50,000 under Financing]

[row 2, insert -15,000 under Investing]

[row 5, insert -6000 under Operating]

[Insert 3 totals at once.]

Dawg Co. - Stmt of Cash Flows

DAWG COMPANY

Cash Flow Statement for the period ended	June 30, 200x
OPERATING ACTIVITIES	
Cash collected from customers:	\$ 0
Cash outflows for operations:	
Wages	<u>(6,000)</u>
Total operating cash outflows	\$ <u>(6,000)</u>
Cash from operating activities	\$ <u>(6,000)</u>
INVESTING ACTIVITIES	
Purchase equipment	<u>(15,000)</u>
Cash from investing activities	\$ <u>(15,000)</u>
FINANCING ACTIVITIES	
Original contribution	\$ <u>50,000</u>
Cash from financing activities	\$ <u>50,000</u>
Change in Cash	\$ 29,000

Formal statement here