

**4-3 WORK TOGETHER (LO8), p. 116****Preparing financial statements****1.**

Foley's Interiors

Income Statement

For Year Ended December 31, 20--

	DEPARTMENTAL										COMPANY								% OF NET SALES*	
	KITCHEN					BATH														
Net Sales	403	6	6	3	03	300	7	2	3	95					704	3	8	6	98	100.0
Cost of Merchandise Sold	190	5	3	9	06	120	7	4	7	59					311	2	8	6	65	44.2
Gross Profit	213	1	2	3	97	179	9	7	6	36					393	1	0	0	33	55.8
Direct Expenses	76	2	1	5	20	92	6	3	2	57					168	8	4	7	77	24.0
Departmental Margin	136	9	0	8	77	87	3	4	3	79					224	2	5	2	56	31.8
Indirect Expenses:																				
Credit Card Fee Expense											4	5	0	2	93					
Depreciation Expense—Office Equipment											7	2	5	0	00					
Depreciation Expense—Store Equipment											8	4	9	0	00					
Insurance Expense											15	5	0	0	00					
Miscellaneous Expense											2	8	1	3	28					
Payroll Taxes Expense											6	1	4	9	34					
Rent Expense											18	0	0	0	00					
Salary Expense—Administrative											71	0	0	1	51					
Supplies Expense											4	1	4	7	89					
Uncollectible Accounts Expense											2	0	2	3	85					
Utilities Expense											6	4	3	5	07					
Total Indirect Expenses															146	3	1	3	87	20.8
Income before Income Tax															77	9	3	8	69	11.1
Less Federal Income Tax Expense															16	3	6	7	12	2.3
Net Income															61	5	7	1	57	8.7
*Rounded to the nearest 0.1%.																				

2.

## Statement of Stockholders' Equity

For Year Ended December 31, 20--

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**4-3 WORK TOGETHER (continued)****3.**

Foley's Interiors

Balance Sheet

December 31, 20--

															% OF ASSETS*	
Assets																
Current Assets:																
Cash							34	4	6	0	79					
Petty Cash							3	0	0	00						
Accounts Receivable	23	0	1	8	95											
Less Allowance for Uncollectible Accounts	2	1	0	1	23	20	9	1	7	72						
Merchandise Inventory—Kitchen						147	0	8	4	62						
Merchandise Inventory—Bath						97	6	7	1	31						
Supplies						1	9	5	0	00						
Prepaid Insurance						2	5	0	0	00						
Total Current Assets											304	8	8	4	44	93.0
Plant Assets:																
Office Equipment	26	0	1	5	89											
Less Accumulated Depreciation—Office Equipment	18	6	7	4	00	7	3	4	1	89						
Store Equipment	51	8	5	2	82											
Less Accumulated Depreciation—Store Equipment	36	2	5	5	00	15	5	9	7	82						
Total Plant Assets											22	9	3	9	71	7.0
Total Assets											327	8	2	4	15	100.0
Liabilities																
Current Liabilities:																
Accounts Payable						24	1	1	6	31						
Sales Tax Payable						4	9	2	5	59						
Employee Income Tax Payable—Federal						1	3	3	5	44						
Employee Income Tax Payable—State							9	5	6	99						
Social Security Tax Payable						2	3	7	6	90						
Medicare Tax Payable							5	5	3	24						
Medical Insurance Payable							8	4	6	42						
Retirement Plan Payable							5	7	1	94						
Unemployment Tax Payable—Federal							1	6	72							
Unemployment Tax Payable—State							1	1	2	08						
Federal Income Tax Payable						2	3	6	7	12						
Dividends Payable						4	0	0	0	00						
Total Liabilities											42	1	7	8	75	12.9
Stockholders' Equity																
Capital Stock						75	0	0	0	00						
Retained Earnings						210	6	4	5	40						
Total Stockholders' Equity											285	6	4	5	40	87.1
Total Liabilities and Stockholders' Equity											327	8	2	4	15	100.0
*Rounded to the nearest 0.1%.																

## 4.

## Statement of Cash Flows

For Year Ended December 31, 20--

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