



## How do accountants keep score of a business's financial performance? continued

Answer Key, p. 260

### BLUE SKY INDUSTRIES Balance Sheet December 31, 2006

ASSETS		LIABILITIES	
Cash	\$ 6,300	Accounts Payable	\$ 200
Petty Cash	50	Notes Payable	12,300
Accounts Receivable	7,000	<b>TOTAL LIABILITIES</b>	<b>12,500</b>
Inventory	2,000		
Prepaid Expenses	—	EQUITY	
<b>Total Current Assets</b>	<b>15,350</b>	Owner's Capital	5,000
Equipment	3,500	Less: Owner's Draw	(16,300)
Less: Accumulated Depreciation	—	Retained Earnings	17,650
<b>Net Fixed Assets</b>	<b>3,500</b>	<b>TOTAL EQUITY</b>	<b>6,350</b>
		TOTAL LIABILITIES & OWNER'S EQUITY	
<b>TOTAL ASSETS</b>	<b>\$18,850</b>		<b>\$18,850</b>

### BLUE SKY INDUSTRIES Income Statement For the Month of December 2006

	Year to Date
<b>SALES</b>	<b>\$58,000</b>
Less: Purchases/Merchandise	20,450
<b>Gross Margin</b>	<b>37,550</b>
Advertising Expense	1,400
Depreciation Expense	—
Insurance Expense	2,000
Interest Expense	2,500
Miscellaneous Expense	1,150
Office Supplies Expense	2,500
Rent Expense	9,350
Utilities Expense	1,000
<b>TOTAL EXPENSES</b>	<b>19,900</b>
<b>NET PROFIT (LOSS)</b>	<b>\$17,650</b>