

Saxa Case

Submitted By:
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QUESTIONS:

Saxa is a start-up company that specialized in trading widgets. You have been hired to prepare the financial statements of the company (income statement and balance sheet only). The CEO has provided you with the following information.

1. On January 1, Saxa issued shares of its stock for \$500,000 cash.
2. On December 1, Saxa borrowed \$100,000 from a bank at 6% per year.
3. On December 1, Saxa purchased equipment for \$75,000 cash. The \$75,000 equipment carries a salvage value = \$15,000 and a ten year useful life.
4. On March 1, Saxa bought \$10,000 of office supplies on credit. \$9,000 of the supplies remain at the end of the year.
5. On April 1, Saxa paid cash for \$5,000 in office supplies purchased on credit in Transaction #4.
6. On September 1, Saxa paid a \$2,000 insurance bill relating to coverage for the past 30 days.
7. On November 1, Saxa purchased \$15,000 of merchandise for resale, and the purchase was made on credit.
8. On December 15, Saxa sold goods on account for \$12,000 that cost \$9,000 to purchase.

Saxa closes its books on December 31.

SOLUTIONS:

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|---|--|--|--|--|--|
| Cash <div> <div>-0-</div> <div>U) 50C / IY:'c)</div> <div>(j;) 100,cec.</div> <div>7'3ccc,©</div> <div><5000©</div> <div>2</div> <div>5'1B,b(:;C)</div> </div> | | Supplies <div> <div>-0-</div> <div>(@)0,cc,c,</div> </div> | | Accounts Payable <div> <div>-0-</div> <div>©Q::ol5</div> <div>lo,Dc:D©</div> <div>1\$,00C> G)</div> <div>-Z.0,c;:,oD</div> </div> | |
| | | Merch. Inventory <div> <div>-0-</div> <div>(3) \Sc:c,D</div> <div>lc,100D</div> <div>C100</div> </div> | | Loans Payable <div> <div>-0-</div> <div>1b0, OC>D(Zj</div> <div>J00,00c,</div> </div> | |
| | | | | Interest Pay. <div> <div>-0-</div> <div>Sboc_E:Y</div> <div>S"00</div> </div> | |
| Accounts Receivable <div> <div>-0-</div> <div>12</div> <div>i60DD</div> </div> | | Contributed Capital <div> <div>-0-</div> <div>50c,ceo@</div> <div>'5'001000</div> </div> | | Ret. Earn. <div> <div>@</div> <div>t coo</div> <div>-0-</div> </div> | |
| Property. plant. equip. <div> <div>-0-</div> <div>(§) t Dc:D</div> <div>7£'e:,00</div> </div> | | Accumulated Dprn. <div> <div>-0-</div> <div>SC.O@</div> <div>S-oc</div> </div> | | | |
| Revenue <div> <div>12.,CX:0@</div> <div>12,cc::o</div> </div> | | Cost of Goods Sold <div> <div>© 9⁰⁰⁰₁</div> <div>c!',toc!:></div> </div> | | Insurance Xp <div> <div>®1..000</div> </div> | |
| | | | | Supplies Xp <div> <div>@></div> <div>DOD</div> <div>(0C5D</div> </div> | |
| Depreciation Xp <div> <div>@)-SCO</div> <div>S:-oe:,</div> </div> | | Interest Xp <div> <div>@>Soc</div> <div><;bo</div> </div> | | | |