

Solution:

(1)

The analysis of the transactions in April, using the balance sheet equation format are as follows:

Date of Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
(a)	+\$200,000 (cash)		+\$200,000 (paid in capital)
(b)	+\$45,000 (inventory) -\$45,000 (cash)		
©	+\$35,000 (inventory)	+\$35,000 (accounts payable)	
(d)	-\$37,000 (inventory) +\$25,000 (cash) +\$75,000 (accounts receivables)		-\$37,000 (cost of goods sold) +\$100,000 (sales)
(e)	-\$18,000 (accounts receivables) +\$18,000 (cash)		
(f)	-\$30,000 (cash)	-\$30,000 (accounts payable)	
(g)	+\$36,000 (fixtures & equipment) -\$12,000 (cash)	+\$24,000 (notes payable)	
(h)	-\$6,000 (cash) +\$6,000 (pre-paid rent)		

(i)	-\$2,000 (pre-paid rent)		-\$12,000 (rent expense)
	-\$10,000 (cash)		
(j)	-\$34,000 (cash)		-\$34,000 (wages expense)
(k)	-\$1,000 (fixtures & equipment)		-\$1,000 (depreciation expense)

(2)

STATEMENT OF INCOME (in thousands of \$)

Name: Bekele, Co.

As Of: April 30, 2010

Particulars	Amounts
Sales	100
Cost of Goods Sold	(37)
Net Operating Income	63
Other revenues (expenses):	
Rent	(12)
Depreciation	(1)
Salaries & Wages	(34)
Total other revenues (expenses)	(47)
Net Income	16

(3)

The balance sheet is as follows:

CLASSIFIED & CONSOLIDATED BALANCE SHEET
(Amount in thousands of \$)

Name: Bekele, Co.

As Of: April 30, 2010

Particulars	Amount
ASSETS:	
Cash	106
Accounts Receivables	57
Inventory	43
Store Equipment & Fixtures	35
Pre-paid Rent	4
Total assets	245
LIABILITIES:	
Accounts Payable	5
Notes Payable	24
Total liabilities	29
STOCKHOLDERS' EQUITY:	
Paid in Capital	200
Retained Earnings:	
As of June 1, 2010	0
Add: Net Income	16
Retained Earnings as of June 30, 2010	16
Total Stockholders' equity	216
Total liabilities & stockholders' equity	245