Financial Management System Home Page

Financial Management System

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Show Income Statement
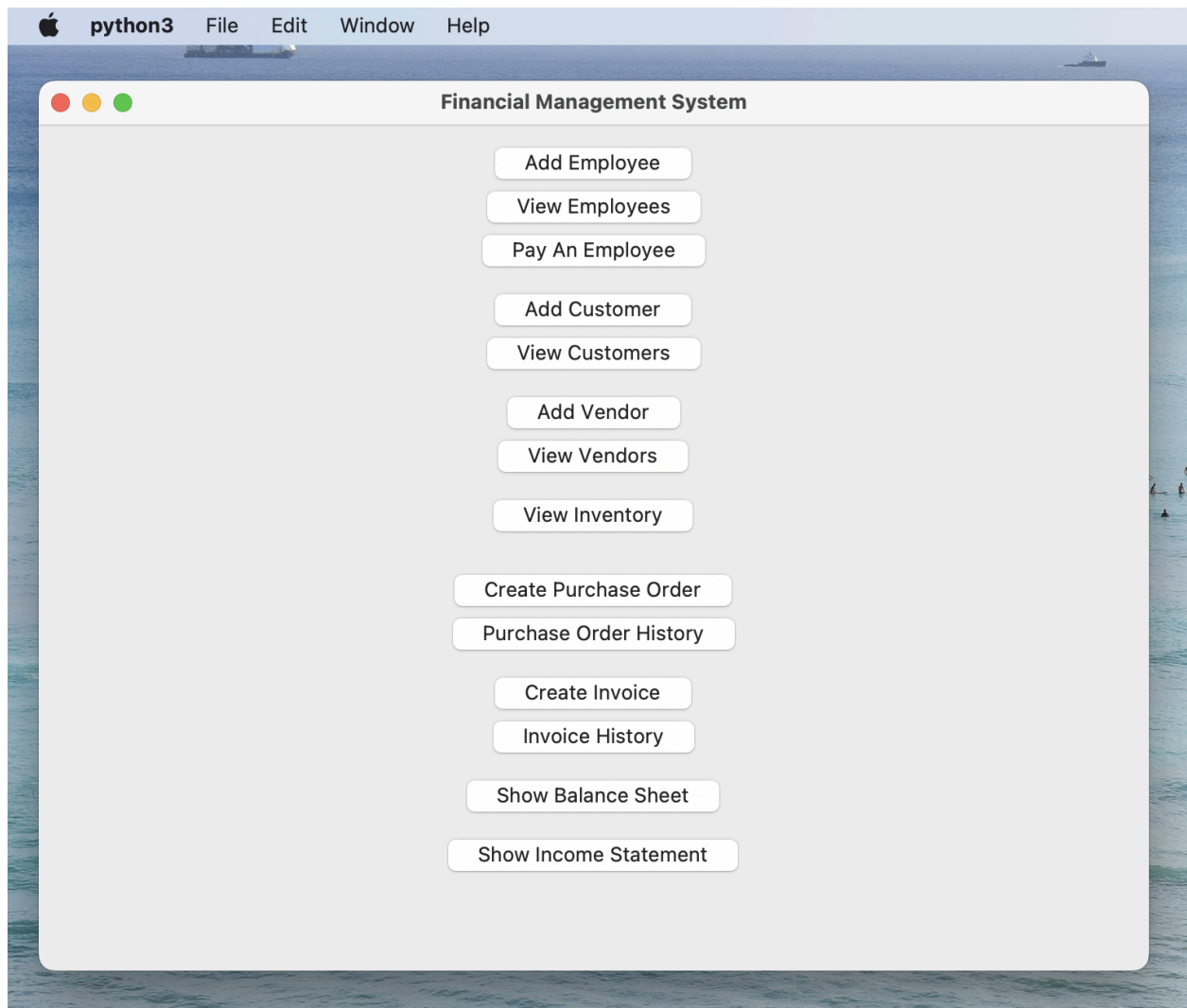
Initial Conditions

Income Statement Sheet

Sales

Sales:	$0
Cost of Goods:	$0
Gross Profit:	**$0**

Expenses

Payroll:	$0
Payroll Withholding:	$0
Bills:	$0
Annual Expenses:	$100
Total Expenses:	**$100**

Net

Other Income:	$0
Operating Income:	$-100
Income Taxes:	$0
Net Income:	**$-100**
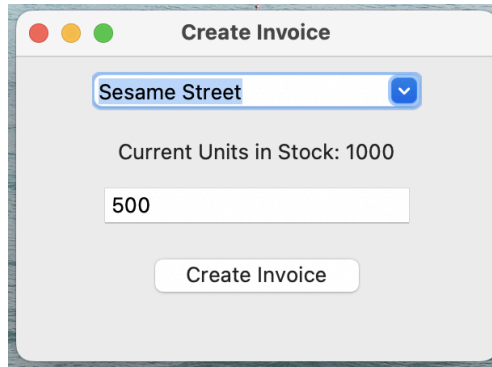
Balance Sheet

Item	Value	Item	Value
∨ Assets		∨ Liabilities & Net Worth	
Cash	200000	Accounts Payable	0
Accounts Receivable	0	Notes Payable	0
Inventory	50000	Accruals	0
Total Current Assets	**250000**	**Total Current Liabilities**	**0**
Land/Buildings	0	Mortgage	0
Equipment	0	**Total Long Term Debt**	**0**
Furniture and Fixtures	0	**Total Liabilities**	**0**
Total Fixed Assets	**0**	**Net Worth**	**250000**
Total Assets	**250000**		

Assumptions (for now)

- This company sells one item, at a price of $100
- Currently, there are 1000 units in stock
- The cost of producing this good is $1
- Annual expenses are $100
- Withholdings don't matter/there is 0% income tax - i.e. if an employee's salary per payroll is $100, they get $100 in full.

Transaction 1: Make a sale for $50,000
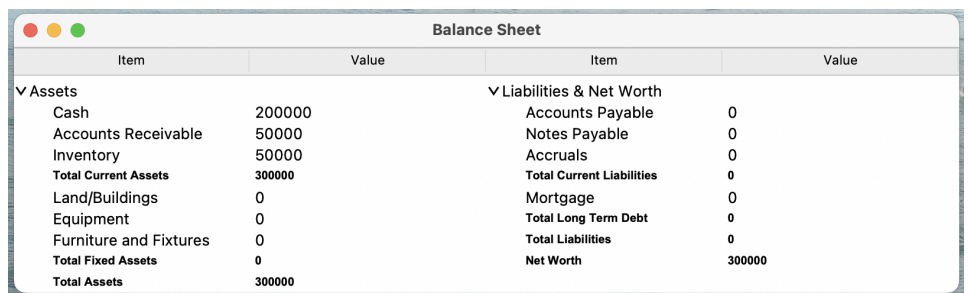- this involves invoicing a customer for 500 units

Create Invoice

Sesame Street

Current Units in Stock: 1000

500

Create Invoice

Income Statemen...

Sales

Sales:	$50000
Cost of Goods:	$500
Gross Profit:	**$49500**

Expenses

Payroll:	$0
Payroll Withholding:	$0
Bills:	$0
Annual Expenses:	$100
Total Expenses:	**$100**

Net

Other Income:	$0
Operating Income:	$49400
Income Taxes:	$0
Net Income:	**$49400**

Balance Sheet

Item	Value	Item	Value
∨ Assets		∨ Liabilities & Net Worth	
Cash	200000	Accounts Payable	0
Accounts Receivable	50000	Notes Payable	0
Inventory	50000	Accruals	0
Total Current Assets	**300000**	**Total Current Liabilities**	**0**
Land/Buildings	0	Mortgage	0
Equipment	0	**Total Long Term Debt**	**0**
Furniture and Fixtures	0	**Total Liabilities**	**0**
Total Fixed Assets	**0**	**Net Worth**	**300000**
Total Assets	**300000**		

- Accounts Receivable increased by $50,000
- Cost of Goods increased by 500 units * $1 to produce each unit

Transaction 2: Purchase $20,000 in inventory
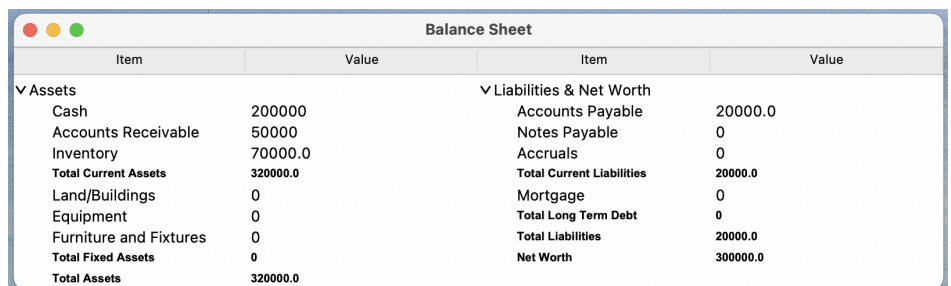 ● this can involve creating a purchase order for 500 computer each costing $40

Create Purchase Order

computer ▼

Quantity: 500   Create Purchase Order

Income Statemen...

Sales

Sales: $50000

Cost of Goods: $500

Gross Profit: **$49500**

Expenses

Payroll: $0

Payroll Withholding: $0

Bills: $0

Annual Expenses: $100

Total Expenses: **$100**

Net

Other Income: $0

Operating Income: $49400

Income Taxes: $0

Net Income: **$49400**

Balance Sheet

Item	Value	Item	Value
▽ Assets		▽ Liabilities & Net Worth	
Cash	200000	Accounts Payable	20000.0
Accounts Receivable	50000	Notes Payable	0
Inventory	70000.0	Accruals	0
Total Current Assets	**320000.0**	**Total Current Liabilities**	**20000.0**
Land/Buildings	0	Mortgage	0
Equipment	0	**Total Long Term Debt**	**0**
Furniture and Fixtures	0	**Total Liabilities**	**20000.0**
Total Fixed Assets	**0**	**Net Worth**	**300000.0**
Total Assets	**320000.0**		

  ● Accounts Payable increased by $20,000
  ● Inventory increased by $20,000

Transaction 3: Pay an employee for 1 payroll period

The salary noted is the employee's salary per payroll period.

Income Statement...

Sales	
Sales:	$50000
Cost of Goods:	$500
Gross Profit:	**$49500**
Expenses	
Payroll:	$50.0
Payroll Withholding:	$0
Bills:	$0
Annual Expenses:	$100
Total Expenses:	**$150.0**
Net	
Other Income:	$0
Operating Income:	$49350.0
Income Taxes:	$0
Net Income:	**$49350.0**

Balance Sheet

Item	Value	Item	Value
∨ Assets		∨ Liabilities & Net Worth	
Cash	199950.0	Accounts Payable	20000
Accounts Receivable	50000	Notes Payable	0
Inventory	70000	Accruals	0
Total Current Assets	**319950.0**	**Total Current Liabilities**	**20000**
Land/Buildings	0	Mortgage	0
Equipment	0	**Total Long Term Debt**	**0**
Furniture and Fixtures	0	**Total Liabilities**	**20000**
Total Fixed Assets	**0**	**Net Worth**	**299950.0**
Total Assets	**319950.0**		

- The employee was immediately paid with no income tax subtracted, so Cash decreased by their salary of $50/payroll period and Payroll increased by $50.