

Prob. 1–3A

1.

OMH COMPUTER SERVICES
Income Statement
For the Month Ended July 31, 2010

| | | |
|------------------------------------|---------------------|------------------------|
| Fees earned | | \$41,250 |
| Expenses: | | |
| Salaries expense | \$10,000 | |
| Rent expense..... | 9,000 | |
| Auto expense..... | 3,875 | |
| Supplies expense..... | 1,625 | |
| Miscellaneous expense | <u>1,875</u> | |
| Total expenses | | <u>26,375</u> |
| Net income..... | | <u>\$14,875</u> |

2.

OMH COMPUTER SERVICES
Statement of Owner's Equity
For the Month Ended July 31, 2010

| | | |
|--|----------------------|------------------------|
| Doug Van Buren, capital, July 1, 2010..... | | \$ 0 |
| Investment on July 1, 2010..... | \$25,000 | |
| Net income for May | <u>14,875</u> | |
| | \$39,875 | |
| Less withdrawals | <u>5,000</u> | |
| Increase in owner's equity | | <u>34,875</u> |
| Doug Van Buren, capital, July 31, 2010..... | | <u>\$34,875</u> |

3.

OMH COMPUTER SERVICES
Balance Sheet
July 31, 2010

| <u>Assets</u> | | <u>Liabilities</u> | |
|----------------------------------|------------------------|--|------------------------|
| Cash | \$16,500 | Accounts payable | \$ 2,350 |
| Accounts receivable | 18,750 | | |
| Supplies | <u>1,975</u> | | |
| | | <u>Owner's Equity</u> | |
| | | Doug Van Buren, capital | <u>34,875</u> |
| Total assets | <u>\$37,225</u> | Total liabilities and owner's equity..... | <u>\$37,225</u> |

Prob. 1–3A Concluded

4. (Optional)

OMH COMPUTER SERVICES
Statement of Cash Flows
For the Month Ended July 31, 2010

| | | |
|---|----------------|------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers..... | \$ 22,500 | |
| Deduct cash payments for expenses and payments to creditors..... | <u>26,000*</u> | |
| Net cash flow from operating activities | | \$ (3,500) |
| Cash flows from investing activities: | | 0 |
| Cash flows from financing activities: | | |
| Cash received as owner's investment | \$ 25,000 | |
| Deduct cash withdrawal by owner | <u>5,000</u> | |
| Net cash flow from financing activities..... | | <u>20,000</u> |
| Net cash flow and July 31, 2010, cash balance | | <u><u>\$16,500</u></u> |
| * $\$9,000 + \$1,250 + \$5,750 + \$10,000$ | | |