

DATA: The financial Statements of the Company are as follows:

The Blueberry Company
Comparative Balance Sheets
For the Year Ended December 31

Assets	2010	2009	Change
Cash	\$ 130,000	\$ 40,000	\$ 90,000
Accounts Receivable	69,000	60,000	9,000
Inventory	80,000	100,000	(20,000)
Prepaid Insurance	6,000	4,000	2,000
Land	120,000	200,000	(80,000)
Building	500,000	400,000	100,000
Accumulated Depreciation	(105,000)	(100,000)	(5,000)
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Total Assets	<u>\$ 800,000</u>	<u>\$ 704,000</u>	<u>\$ 96,000</u>
Liabilities and Owners Equity			
Accounts Payable	\$ 20,000	\$ 25,000	\$ (5,000)
Income Tax Payable	22,600	20,000	2,600
Notes Payable, long term	40,000	50,000	(10,000)
Bonds Payable	120,000	100,000	20,000
Common Stock	450,000	400,000	50,000
Paid-in Capital	60,000	50,000	10,000
Retained Earnings	87,400	59,000	28,400
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Total Liabilites & Owners Equity	<u>\$ 800,000</u>	<u>\$ 704,000</u>	<u>\$ 96,000</u>

The Blueberry Company
Income Statement
For the Year Ended December 31, 2010

Sales Revenue	\$ 200,000	
Expenses:		
Cost of goods sold	\$ 80,000	
Salary Expense	39,000	
Depreciation Expense	5,000	
Interest Expense	3,000	
Insurance Expense	1,000	
Loss on sale of land	10,000	
Income Tax Expense	18,600	
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Total Expenses	156,600	
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Net Income	<u>\$ 43,400</u>	

Other Information:

1. Land which originally cost \$100,000 was sold for \$90,000.
2. Building was purchased for cash.
3. Bonds were issued at par value in exchange for land.
4. Common stock with a par value of \$50,000 was issued for \$60,000
5. Dividends of \$15,000 were declared and paid during the year