

COMPUTER SERVICES COMPANY
Comparative Balance Sheet
December 31

<u>Assets</u>	<u>1998</u>	<u>1997</u>	<u>Change</u> <u>Increase/Decrease</u>
Cash	\$ 56,000	\$34,000	\$ 22,000 increase
Accounts receivable	20,000	30,000	10,000 decrease
Prepaid expenses	4,000	0	4,000 increase
Land	130,000	0	130,000 increase
Building	160,000	0	160,000 increase
Accumulated depreciation—building	(11,000)	0	11,000 increase
Equipment	27,000	10,000	17,000 increase
Accumulated depreciation—equipment	(3,000)	0	3,000 increase
Total	<u>\$383,000</u>	<u>\$74,000</u>	
 <u>Liabilities and Stockholders' Equity</u>			
Accounts payable	\$ 59,000	\$ 4,000	\$ 55,000 increase
Bonds payable	130,000	0	130,000 increase
Common stock	50,000	50,000	0
Retained earnings	144,000	20,000	124,000 increase
Total	<u>\$383,000</u>	<u>\$74,000</u>	

COMPUTER SERVICES COMPANY
Income Statement
For the Year Ended December 31, 1998

Revenues		\$507,000
Operating expenses (excluding depreciation)	\$261,000	
Depreciation expense	15,000	
Loss on sale of equipment	<u>3,000</u>	<u>279,000</u>
Income from operations		228,000
Income tax expense		<u>89,000</u>
Net income		<u><u>\$139,000</u></u>

Additional information:

- (a) In 1998 the company declared and paid a \$15,000 cash dividend.
- (b) The company obtained land through the issuance of \$130,000 of long-term bonds.
- (c) An office building costing \$160,000 was purchased for cash; equipment costing \$25,000 was also purchased for cash.
- (d) During 1998 the company sold equipment with a book value of \$7,000 (cost \$8,000 less accumulated depreciation \$1,000) for \$4,000 cash.