

## CASE STUDY: MONTY INC.

Monty decided to begin a consulting service called Monty, Inc. He started the business by issuing \$100,000 in capital stock on 1/1/2022. Presented below are the accounts and the respective balances, in alphabetical order, for Monty Inc., as of 31/12/2022.

Accounts Payable	12,000
Accounts Receivable	190,975
Advertising Expense	75,000
Capital Stock	100,000
Cash	105,525
Consulting Fees	1,759,500
Dividends	75,000
Entertainment Expense	361,500
Insurance Expense	36,000
Notes Payable	20,000
Rent Expense (Furniture & Equipment)	48,000
Rent Expense (Office)	84,000
Salary Expense	880,500
Supplies	10,000

Supplies Expense	19,000
Utilities Expense	6,000

You have been asked to prepare the Income Statement, Statement of Changes in Equity, and the Balance Sheet, in proper format.

## CASE STUDY: WILLIAM INC.

You are given the following simplified balance sheet (in Euros) of *Company William Inc.* as of 31st of August 2018.

### Non- Current assets

Fixed assets	400,000
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### Current assets

Inventories	100,000
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Accounts receivable	90,000
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Cash	35,000
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225,000

### **Total Assets**

**625,000**

### Equity

Share Capital	380,000
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Retained earnings	125,000
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505,000

### Current liabilities

Trade payables	120,000
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### **Total Liabilities and Equity**

**625,000**

The following transactions took place during November 2018.

- a. New equipment was purchased on account for 8,000.
- b. The company paid 20,000 to its trade payables.
- c. Inventories that cost 45,000 were sold for 55,000 in cash.
- d. The company received 30,000 from accounts receivable.

1. Show how each of these transactions would affect the balance sheet.
2. Prepare a balance sheet after recording these transactions.