

Account Name

DR	CR	Account #	DR	CR
1	Cash	1010	500,000	
	Current Portion of Long Term Debt	2150		92,000
	Notes Payable - Long Term Debt	2710		408,000

The dealer is planning some capital improvements in the service department.  
 Start of the month, take out a 5 year working capital loan for \$500,000 (DR) Increases cash.  
 The next 12 payments (the current portion of the loan) total \$92,000(CR).  
 The 48 payments (\$408,000 CR) after that are considered long term (months 13 to 60)  
 Cash goes up, current and long-term loans go up.

2	Cash	1010	2,000	
	Contracts in Transit	1110	30,000	
	A/R Incentives	1220	1,500	
	Sales - New Vehicle	4010		33,500
	Cost of Sales - New Vehicle	5010	32,100	
	Inventory - New Vehicle	1310		32,100

You sell a new vehicle for \$33,500 (CR). The customer puts \$2,000 (DR) cash down and applies \$1,500 (DR) factory incentive to the deal. The balance, \$30,000 (DR) is financed through the F&I Office. The vehicle cost is \$32,100 (DR & CR)  
 Note: Two parts to the transaction; revenue recognition and inventory reduction.  
 Revenue: Cash goes up (down payment), CIT goes up, A/R Receivable goes up, revenue goes up  
 Inventory: Cost of sale goes up, Inventory goes down.  
 The gross profit on the deal is the sale price less the cost of sale (Inventory cost).

3	Cash	1010	30,000	
	Contracts in Transit	1110		30,000
	Notes Payable - New (Floorplan)	2130	32,100	
	Cash	1010		32,100

Three days later the deal is funded and you receive the \$30,000 (DR & CR) in your checking account due on the CIT.  
 You immediately pay the floorplan amount of \$32,100 (DR & CR) on that vehicle to remain In Trust  
 Cash goes up, CIT goes down, Floorplan goes down, Cash goes down.

4	Cash	1010	20,000	
	Other Income	8000		20,000

The dealer receives \$20,000 (DR & CR) from their OEM. This is an Incentive tied to their overall facility compliance standard. The dealer elects to recognize this payment "below the line" in other Income as it does not directly tie to a specific department.  
 Cash goes up, other Income goes up.

5	Notes Payable - Long Term Debt	2710	7,541	
	Other Interest Expense	7030	1,667	
	Cash	1010		9,208

At the end of the month it is time to make the first loan payment on the working capital loan. The payment amounts are \$7,541 (DR) principal, \$1,667 (DR) interest. Total cash out the door is \$9,208 (CR). Notice you reduced the long term debt, not the current portion. That is because until you have less than 12 future payments there will always be 12 months in the current portion.  
 Notes Payable goes down, Interest Expense goes up, Cash goes down.

6	Computer Equipment	1510	15,000	
	Accounts Payable - Trade	2110		15,000

The service department purchases 10 iPads for technicians to use and communicate with customers. These assets will be capitalized (not immediately expensed). The invoice will be paid 30 days after delivery. Total expenditure is \$15,000 (DR & CR).  
 Fixed Assets go up, Accounts Payable goes up.

7	Cash	1010	8,500	
	Accounts Receivable - Parts, Service, Body Shop	1210		8,500

Jake's Body Shop pays invoice #1235 due for parts purchased last month.  
 The total is \$8,500 (DR & CR). Cash goes up, A/R goes down.

8	Payroll Expense	6010	15,000	
	Floorplan Interest Expense	6210	1,000	
	Advertising Expense	6220	9,000	
	Rent Expense	7020	6,000	
	Cash	1010		31,000

For illustration purposes, all these expenses happen on the same day, cash is leaving the building for various reasons. Payroll \$15,000 (DR), Floorplan Interest \$1,000 (DR) Advertising \$9,000 (DR) and Rent \$6,000 (DR). Total checks written \$31,000 (CR)  
 All Expenses go up, Cash goes down.

2020 OEM FINANCIAL STATEMENT						
Month/Year	Jan-20		Through	Jan-20		
BALANCE SHEET						
Page 1						
<u>Assets</u>	<u>Acct #</u>	<u>Amount</u>	<u>1</u>	<u>Liabilities</u>	<u>Acct #</u>	<u>Amount</u>
Cash	1010	1,288,192	2	A/P Trade	2110	50,000
CIT	1110	150,000	3	Notes Payable New	2130	1,642,900
<b>Total Cash &amp; Contracts</b>		<b>1,438,192</b>	4	Current Portion of LTD	2150	92,000
			5			
<u>Receivables</u>			6	<b>Total Current Liabilities</b>		<b>1,784,900</b>
A/R Parts Service BS	1210	21,500	7			
A/R Incentives	1220	16,500	8	<u>Long Term Debt (LTD)</u>		
<b>Net Receivables</b>		<b>38,000</b>	9	Notes Payable	2710	400,459
			10			
<u>Inventories</u>			11	<b>Total Liabilities</b>		<b>2,185,359</b>
New Vehicle	1310	1,617,900	12			
Pre-Owned Vehicles	1320	400,000	13	<b>Net Worth</b>		
<b>Total Inventories</b>		<b>2,017,900</b>	14			
			15	Paid In Capital	3300	1,000,000
<b>Total Current Assets</b>		<b>3,494,092</b>	16	Retained Earnings	3900	262,500
			17			
<u>Fixed Assets</u>			18	<u>Current Earnings</u>		
Computer Equipment	1510	17,500	19	January		63,733
			20			
			21	<b>Total Net Worth</b>		<b>1,326,233</b>
			22			
<b>Total Assets</b>		<b>3,511,592</b>	23	<b>Total Liab &amp; Net Worth</b>		<b>3,511,592</b>

2020 OEM FINANCIAL STATEMENT					
Month/Year	Jan-20		Through	Jan-20	
INCOME STATEMENT					
Page 2					
Month: January			YTD: January		
	<u>Acct #</u>	<u>Amount</u>	<u>1</u>	<u>Acct #</u>	<u>Amount</u>
Sales		1,033,500	2		
<b>Gross Profit</b>		<b>76,400</b>	3		
			4		
<u>Variable Expenses</u>			5		
Sales Compensation	6010	15,000	6		
			7		
<u>Semi-Variable Expenses</u>			8		
Floorplan Interest	6210	9,000	9		
Advertising	6220	1,000	10		
			11		
			12		
<u>Fixed Expenses</u>			13		
Rent	7020	6,000	14		
Other Interest	7030	1,667	15		
			16		
<b>Total Expenses</b>		<b>32,667</b>	17		
			18		
<b>Operating Profit</b>		<b>43,733</b>	19		
			20		
Other Adds / Deducts		20,000	21		
			22		
<b>Net Profit</b>		<b>63,733</b>	23		

## T ACCOUNTS

+	-
<u>CASH</u>	
800,000	Beg Bal
500,000	
2,000	
30,000	
	32,100
20,000	
8,500	9,208
	31,000
<u>1,288,192</u>	End Bal

+	-
<u>CIT</u>	
150,000	Beg Bal
30,000	30,000
<u>150,000</u>	End Bal

-	+
<u>PAID IN CAPITAL</u>	
Beg Bal	1,000,000
End Bal	<u>1,000,000</u>

-	+
<u>RETAINED EARNINGS</u>	
Beg Bal	262,500
End Bal	<u>262,500</u>

+	-
<u>A/R P,S,BS</u>	
30,000	Beg Bal
	8,500
<u>21,500</u>	End Bal

+	-
<u>INVENTORY PRE OWNED</u>	
400,000	Beg Bal
<u>400,000</u>	End Bal

+	-
<u>COS NEW</u>	
475,000	Beg Bal
32,100	
<u>507,100</u>	End Bal

+	-
<u>COS PRE-OWNED</u>	
450,000	Beg Bal
<u>450,000</u>	End Bal

+	-
<u>INVENTORY NEW</u>	
1,650,000	Beg Bal
	32,100
<u>1,617,900</u>	End Bal

-	+
<u>A/P TRADE</u>	
Beg Bal	35,000
	15,000
End Bal	<u>50,000</u>

+	-
<u>SALES COMPENSATION</u>	
0	Beg Bal
15,000	
<u>15,000</u>	End Bal

+	-
<u>FLOORPLAN INTEREST EXP</u>	
0	Beg Bal
1,000	
<u>1,000</u>	End Bal

+	-
<u>COMPUTER EQUIPMENT</u>	
2,500	Beg Bal
15,000	
<u>17,500</u>	End Bal

-	+
<u>ST PORTION OF LTD</u>	
Beg Bal	0
	92,000
End Bal	<u>92,000</u>

+	-
<u>ADVERTISING EXP</u>	
0	Beg Bal
9,000	
<u>9,000</u>	End Bal

+	-
<u>RENT EXP</u>	
0	Beg Bal
6,000	
<u>6,000</u>	End Bal

-	+
<u>NOTES PAYABLE - NEW</u>	
Beg Bal	1,675,000
32,100	
End Bal	<u>1,642,900</u>

-	+
<u>LTD - NOTES PAYABLE</u>	
Beg Bal	0
	408,000
7,541	
End Bal	<u>400,459</u>

+	-
<u>OTHER INTEREST EXP</u>	
0	Beg Bal
1,667	
<u>1,667</u>	End Bal

+	-
<u>OTHER INCOME</u>	
Beg Bal	0
	20,000
End Bal	<u>20,000</u>