

2020 DEM FINANCIAL STATEMENT			
Month/Year	Jan-20	Through	Jan-20

INCOME STATEMENT

Month: January

YTD: January

	<u>Acct #</u>	<u>Amount</u>	1	<u>Acct #</u>	<u>Amount</u>
Sales		1,333,500	2		
Gross Profit		76,400	3		
			4		
<u>Variable Expenses</u>			5		
Sales Compensation	6010	15,000	6		
			7		
<u>Semi-Variable Expenses</u>			8		
Floorplan interest	6210	1,000	9		
Advertising	6220	9,000	10		
			11		
			12		
<u>Fixed Expenses</u>			13		
Rent	7020	6,000	14		
Other Interest	7030	1,667	15		
			16		
Total Expenses		32,667	17		
			18		
Operating Profit		43,733	19		
			20		
Other Adds / Deducts		20,000	21		
			22		
Net Profit		63,733	23		

T ACCOUNTS

CASH	
800,000	Beg Bal
500,000	
2,000	
30,000	
	32,100
20,000	
8,500	5,208
	31,000
1,288,192	End Bal

CIT	
150,000	Beg Bal
30,000	30,000
150,000	End Bal

PAID IN CAPITAL	
Beg Bal	1,000,000
End Bal	1,000,000

RETAINED EARNINGS	
Beg Bal	262,500
End Bal	262,500

A/R P,S,BS	
30,000	Beg Bal
	8,500
21,500	End Bal

A/R INCENT VES	
15,000	Beg Bal
1,500	
16,500	End Bal

SALES NEW	
Beg Bal	500,000
	33,500
End Bal	533,500

SALES PRE-OWNED	
Beg Bal	500,000
End Bal	500,000

INVENTORY NEW	
1,650,000	Beg Bal
	32,100
1,617,900	End Bal

INVENTORY PRE OWNED	
400,000	Beg Bal
400,000	End Bal

COS NEW	
475,000	Beg Bal
32,100	
507,100	End Bal

COS PRE-CWNE D	
450,000	Beg Bal
450,000	End Bal

A/P TRADE	
Beg Bal	35,000
	15,000
End Bal	50,000

SALES COMPENSATION	
0	Beg Bal
15,000	
15,000	End Bal

FLOORPLAN INTEREST EXP	
0	Beg Bal
1,000	
1,000	End Bal

COMPUTER EQUIPMENT	
2,500	Beg Bal
15,000	
17,500	End Bal

ST PORTION OF LTD	
Beg Bal	C
	92,000
End Bal	92,000

ADVERTISING EXP	
0	Beg Bal
9,000	
9,000	End Bal

RENT EXP	
0	Beg Bal
6,000	
6,000	End Bal

NOTES PAYABLE - NEW	
Beg Bal	1,675,000
32,100	
End Bal	1,642,900

LTD - NOTES PAYABLE	
Beg Bal	C
	408,000
7,541	
End Bal	400,459

OTHER INTEREST EXP	
0	Beg Bal
1,667	
1,667	End Bal

OTHER INCOME	
Beg Bal	0
	20,000
End Bal	20,000

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.

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