

VI. STATEMENT OF RETAINED EARNINGS

Instructions: In the space provided complete the statement of Retained Earnings and a Stockholders' Equity section of the Balance Sheet. Income for the year was \$75,000.

The Computer Warehouse Statement of Retained Earnings For the Year Ended December 31, 2000	
Retained Earnings, January 1, 2000 (See Page 59)	\$21,400
Subtract: Prior period adjustment net of taxes to correct for error during 1999 in recording depreciation.	
Retained Earnings Adjusted January 1, 2001	<u>\$20,700</u>
Net Income, 2000	
Preferred Stock Dividend	
Dividend of Common Stock	<u>57,200</u>
Increase in Retained Earnings	<u>5,800</u>
Retained Earnings, December 31, 2000	<u><u>\$26,500</u></u>

VII. STATEMENT OF STOCKHOLDERS' EQUITY

The Computer Warehouse Statement of Stockholders' Equity December 31, 2000	
CONTRIBUTED CAPITAL:	
Capital Stock	
Common Stock, \$5 Par value, authorized 50,000 shares, issued 31,200 shares of which 300 are held in the Treasury	
Preferred Stock, \$100 Par value 6% cumulative callable at \$105, authorized \$5,000 shares, issued 2,000 shares	
Contributed Capital in Excess of Par:	
Common Stock	77,200
Preferred Stock	
Treasury Stock	<u>85,300</u>
Total Contributed Capital	\$441,300
Retained Earnings	
Total Contributed Capital Plus Retained Earnings	<u> </u>
Less Treasury Stock	
Total Stockholders' Equity	<u><u>\$464,500</u></u>

VIII. EARNINGS PER SHARE

During 2001, the company's third year of operations, business activity related to ownership finally settled down. No transactions related to ownership occurred, dividends were paid to preferred stockholders, and net income for the year amounted to \$76,890. Because Preferred Stock was not convertible into Common Stock, only Primary Earnings Per Share were calculated.

= \$2.10