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 $20,700

Net Income, 2000
Preferred Stock Dividend
Dividend of Common Stock

Increase in Retained Earnings $7,200
Retained Earnings, December 31, 2000 $27,900

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

Total Contributed Capital 85,300
Retained Earnings
Total Contributed Capital Plus Retained Earnings
Less Treasury Stock
Total Stockholders' Equity $464,500

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