

INCOME STATEMENT
For the period ending August 31, 2008

| | | |
|----------------------------------|--------------|-------------------|
| Revenue | | |
| Gross sales | | \$ 1,869,687 |
| Less: Sales discounts | \$ 2,240 | |
| Less: Sales returns & allowances | <u>2,283</u> | <u>(4,523)</u> |
| Net Sales | | \$ 1,865,164 |
| Less: Cost of goods sold expense | | <u>(926,662)</u> |
| Gross Profit | | 938,502 |
| Less: Operating Expenses | | |
| Depreciation | 54,768 | |
| Repairs | 950 | |
| Sales salaries | 54,000 | |
| Operator wages | 120,000 | |
| Secretary salary | 40,000 | |
| CEO salary | 120,000 | |
| Telephone | 583 | |
| Internet | 980 | |
| Office supplies | 290 | |
| Promotion | 500 | |
| Service charges | 180 | |
| Bad debt expense | <u>983</u> | <u>(393,234)</u> |
| Other Revenue: | | |
| Interest revenue | | 1,093 |
| Other Expenses: | | |
| Interest Expense | | (6,540) |
| Loss on trade-in | | <u>(129)</u> |
| Net income before tax | | 539,692 |
| Less: Income tax expense | | <u>(161,908)</u> |
| Net Income After Tax | | <u>\$ 377,784</u> |

STATEMENT OF FINANCIAL POSITION
As at August 31, 2008

ASSETS

Current assets:

| | | | |
|---------------------------------------|--------------|--------------|------------|
| Cash | | \$ 391,845 | |
| Accounts receivable | \$ 38,317 | | |
| Less: Allowance for doubtful accounts | <u>1,533</u> | 36,784 | |
| Inventory | | 122,524 | |
| Interest receivable | | 25 | |
| Office supplies | | 40 | |
| Notes receivable | | <u>6,020</u> | |
| Total current assets | | | \$ 557,238 |

Long-lived assets:

| | | | |
|--------------------------------|---------------|---------------|----------------|
| Building | 310,000 | | |
| Less: Accumulated depreciation | <u>28,500</u> | 281,500 | |
| Vending Machines | 426,750 | | |
| Less: Accumulated depreciation | <u>63,207</u> | 363,543 | |
| Office Equipment | 18,200 | | |
| Less: Accumulated depreciation | <u>3,367</u> | <u>14,833</u> | |
| Total long-lived assets | | | <u>659,876</u> |

Total Assets \$ 1,217,114

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities:

| | | | |
|-------------------------------------|--|----------------|--|
| Accounts payable | | \$ 75,516 | |
| Salaries payable | | 14,500 | |
| Current portion of mortgage payable | | 12,000 | |
| Unearned revenue | | 1,800 | |
| Income tax payable | | <u>161,908</u> | |

Total current liabilities \$ 265,724

Mortgage payable 174,000

Total liabilities 212,250

Shareholder's equity:

| | | | |
|-------------------|--|----------------|----------------|
| Common stock | | 300,000 | |
| Retained earnings | | <u>477,390</u> | <u>777,390</u> |

Total Liabilities and Shareholder's Equity \$ 1,217,114