

>>>CASE STUDY CORRECTION OCT 2, 2007

CORPORATION BASICS
PAULA A. ARMSTRONG, EA
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CASE STUDY

A CORPORATE TAX RETURN NEEDS TO BE PREPARED FOR MOOKY & MARNY DOGGIE DAY CARE FOR THE TAX YEAR ENDED DECEMBER 31, 2006.

THE FOLLOWING INFORMATION HAS BEEN SENT TO YOU TO PREPARE THEIR FEDERAL FORM 1120 AND CA FORM 100.

MOOKY & MARNY DOGGIE DAY CARE
MOOKY M. ARMSTRONG, PRESIDENT
3369 GOVERNOR DRIVE – SUITE 10
SAN DIEGO, CA 92122

FEIN 33-33333333
CA CORP ID# 11111111
DATE INCORPORATED: 01/01/2004
CASH BASIS
BUSINESS ACTIVITY: DOGGIE DAY CARE
DATE BUSINESS STARTED IN CA: 01/01/2004

MR. MOOKY IS THE 100% SHAREHOLDER OF THE CORPORATION.
HIS SS# 572-66-8274
USE THE BUSINESS ADDRESS AS HIS PERSONAL ADDRESS

THE CORPORATION SOLD SOME STOCK DURING THE YEAR:
1000 SHARES OF PET SMART INC.
PURCHASED 01/01/04 FOR 3000
SOLD 06/29/06 FOR 10000

1000 SHARES OF PET NOT SO SMART INC.
PURCHASED 01/01/04 FOR 2000
BANKRUPTCY FINALIZED 06/26/06 SOLD FOR -0-

NEW ASSETS ACQUIRED:
COMPUTER SYSTEM 3-12-06 \$2000 (TAKE SECTION 179) 5 YR.
DOG RUN 4-7-06 \$5000 7/12 YR
OFFICE FURNITURE 12/4/06 \$1000 7/10YR

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**MOOKY & MARNY DOGGIE DAY CARE
BALANCE SHEET
DECEMBER 31, 2005**

CASH	10000
LOAN TO SHAREHOLDER	9500
SMITH BARNEY INVESTMENT ACCT.	15000
EQUIPMENT	20000
A/D – EQUIPMENT	-20000
ORGANIZATION COSTS	2000
A/A – ORGANIZATION COSTS (1/1/04) 60 MONTHS	-800
TOTAL ASSETS	35700
LINE OF CREDIT	10000
PAYROLL TAXES PAYABLE	3000
CREDIT CARD PAYABLE	5000
CAPITAL STOCK	10000
RETAINED EARNINGS	7700
TOTAL LIAB AND EQUITY	35700

>>>CASE STUDY CORRECTION OCT 2, 2007

**MOOKY & MARNY DOGGIE DAY CARE
BALANCE SHEET
DECEMBER 31, 2006**

CASH	16057
LOAN TO SHAREHOLDER	9500
SMITH BARNEY INVESTMENT ACCT.	10000
EQUIPMENT	28000
A/D – EQUIPMENT	-22100
ORGANIZATION COSTS	2000
A/A – ORGANIZATION COSTS	-1200
TOTAL ASSETS	42257
LINE OF CREDIT	8000
PAYROLL TAXES PAYABLE	2000
CREDIT CARD PAYABLE	4000
CAPITAL STOCK	10000
RETAINED EARNINGS	7700
DIVIDENDS (PAID 12.31.06)	-200
NET INCOME	10757
TOTAL LIAB AND EQUITY	42257

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MOOKY & MARNY DOGGIE DAY CARE

INCOME STATEMENT

FOR THE TAX YEAR JANUARY 1, 2006 THRU DECEMBER 31, 2006

DAYCARE INCOME	400000				
COGS OF GOOD SOLD	50000	DOGGIE FOOD/TREATS/NO INVENTORY			
GROSS PROFIT	350000				
ACCOUNTING FEES	1600				
ADVERTISING EXPENSE	3600				
AMORTIZATION EXPENSE	400				
AUTO/MILEAGE REIMBURSEMENT	1200				
BANK SERVICE CHARGES	180				
DEPRECIATION - BOOK	2100				
DONATIONS	200				
DUES & SUBSCRIPTIONS	120				
EMPLOYEES SALARIES	50000				
FEDERAL INCOME TAX - FOR 2005	1000				
FEDERAL INCOME TAX - FOR 2006	4000	1000 PER QUARTER			
GAIN ON SALE OF STOCK	-7000				
INSURANCE EXPENSE	25000				
INTEREST EXPENSE	1200				
LEGAL FEES	1000				
LOSS ON SALE OF STOCK	2000				
MEALS/ENTERTAINMENT OFFICE EXPENSES	3000 1400				
OFFICERS LIFE INSURANCE OFFICER'S SALARY	908 150000				
OUTSIDE SERVICES	2400				
PENSION PLAN CONTRIBUTION	40000				
POSTAGE	450				
SECURITY EXPENSE	360				
STORE RENT	24000				
TAXES - FRANCHISE TAX	925	15-Apr	800	15-Jun	125
TAXES - PAYROLL	21300				
TELEPHONE EXPENSE	2800				
TRAVEL/LODGING	1200				
UNIFORMS	1500				
UTILITIES	2400				
TOTAL EXPENSES	339243				
NET PROFIT	10757				

Net Profit and Net Income are the same terms.