

**Hanson International Academy**  
**BAF3M**  
**Mr. Singh's Bake Sale**  
**June 22<sup>nd</sup> 2016**

**CASE:**

Mr. Singh decided to have a bake sale to raise money for teachers at Hanson so they could have a fun staff trip. The bake sale was a success. Mr. Singh went to the bank and deposited \$3000. He came back to school and told Mantao and Maysum that the bank account now stood at \$3,305, which represented "the most successful result of any barbecue". Mantao said, "Congratulations, on the successful barbecue! Could you please transfer the \$3,305 into the school account so I can start booking the trip?" Mr. Singh said he couldn't transfer all the money because he still had three bills to pay. He had to pay \$300 for icing, and \$100 for the hats he bought, and \$300 for the materials needed to build the cupcake machine. Everything was sold out but the cupcake machine should last another 5 years.

Also, Mr. Singh told Mantao, 20 of the 100 cases of water were not sold and are to be returned for a refund of \$3.50 per case. And at the same time, the 50 cases of empties (empty water bottles) will be picked up, and we will get \$0.50 a case.

Mantao noticed there was a cotton candy machine that Mr. Singh was using. He said he paid \$200 to rent it on account.

Mr. Singh also managed to sell 12 dozen cupcakes left over for \$1 a dozen to Maysum for a party he was having. Mr. Singh told Maysum, "This was \$0.50 less than the unit cost of the 130 dozen purchased, but at least they will be used". Maysum didn't have the money but said he would pay tomorrow.

Mantao asked Mr. Singh if he bought anything else. He remembered he bought other sprinkles and ice cream for \$50 cash. He also spent \$100 to promote the bake sale so people would come.

Mantao said to Mr. Singh, "It looks like last year's bake sale was more successful. Once you pay your bills and repay the \$500 you owe me from last week, you will have less than \$1500 left." Maysum jumped in the conversation and said "don't forget the \$500 you owe me!" Mantao said, "Now you will only have \$1000 left which is \$500 less than last year's bake sale reported net income."

Mr. Singh was confused and didn't understand and didn't know if Mantao was right.

**Task:**

Prepare a Proof of Cash, Income Statement and Balance sheet for the bake sale to help Mr. Singh figure out if Mantao is right.