



**NIGERIAN INSTITUTE OF
QUANTITY SURVEYORS**

The professional construction cost managers.

WEBINAR SERIES ON ACCOUNTING AND
FINANCE FOR NON-FINANCIAL MANAGERS
**BUDGETING, INVESTMENT APPRAISAL
AND COSTING**
BY

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BUDGETING, INVESTMENT APPRAISAL AND COSTING

LEARNING OUTCOMES AND OBJECTIVES

At the end of this session, participants should be able to understand the meaning and application of Budget, Budgeting Techniques, Investment Appraisal and Costing.

What is Budgeting?

Budgeting is a systematic process, that predicts revenues and expenditures of an individual, family, group, business entity, or government.

The process leads to a realistic report called **Budget** which helps businesses trace their financial performance and it is crucial for decision-making.

What is Budget?

A Budget can be simply defined as a spending plan based on income and expenses.

It is a quantitative statement for a defined time which may include, planned revenues, expenses, assets, liabilities and cash flow.

It provides a focus for the organization, aids the coordination of activities and facilitates control.

We can safely say that budget is a financial and/or quantitative plan of operations for a forthcoming accounting period.

Why Budgeting?

Budgeting projects anticipated revenue and expenditures for a future period based on prevailing internal and external factors.

It serves as a health check for an organization and is essential for avoiding cash crunch or losses.

It also helps in projecting the cash, material and labor requirements of an organization or a project.

Who Does Budgeting?

Budgeting is done by individuals, families, groups, companies, and the government (to plan, monitor, and control finances).

It is everywhere; homemakers use it to manage their monthly expenses and savings; the government relies on it to run the nation

Types of Budget

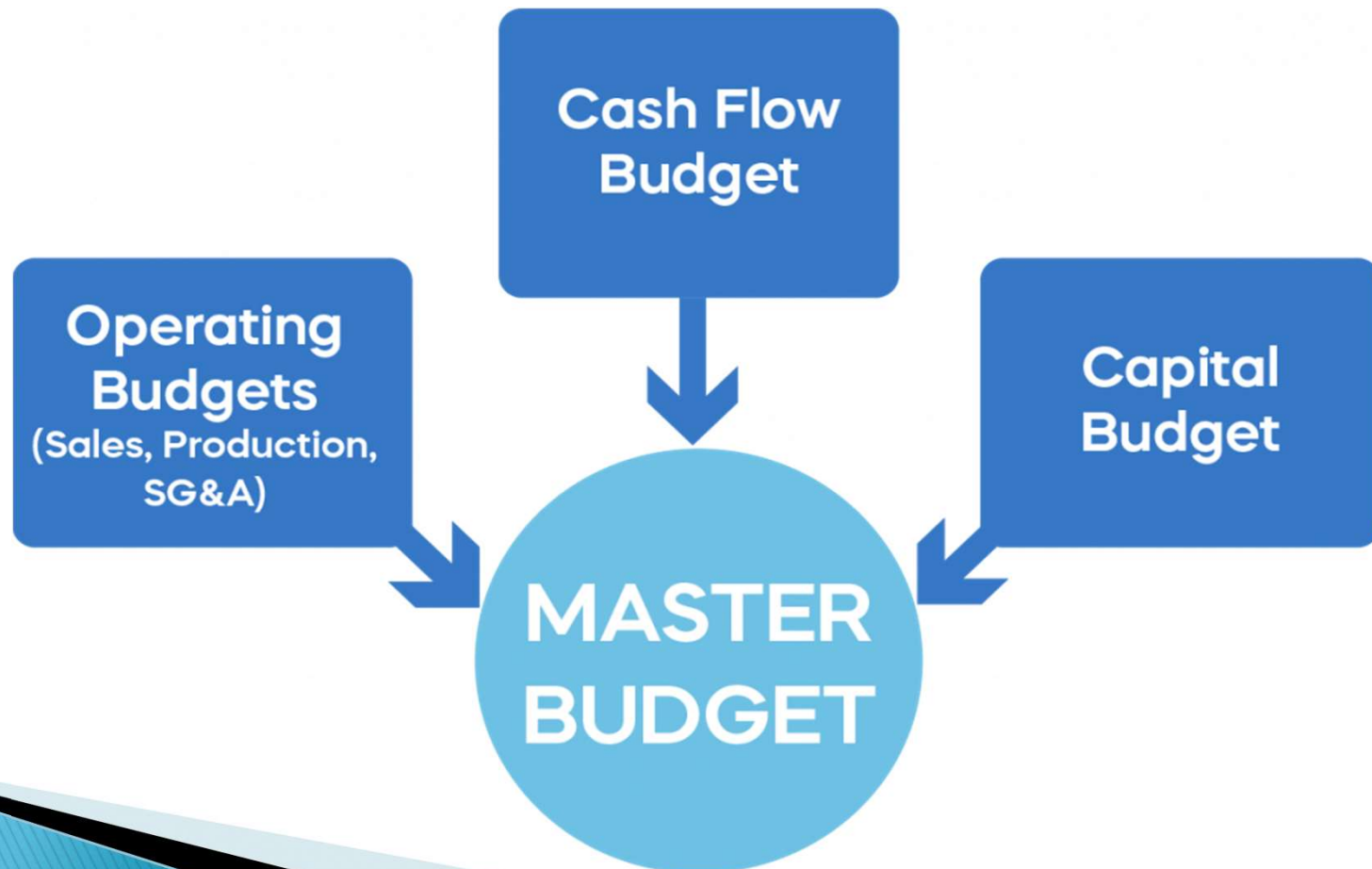
Personal Budget: This is an individual or family plan of monthly or periodic earnings and expenses to ensure that they don't run out resources before the next paycheck.

Corporate Budget: It is a financial plan for business entities to maintain cash flow, operating and emergency funds efficiently. It comprises sales, material, production and overheads.

Government Budget: This is a financial plan prepared by the government for the estimated government revenue and expenditure for a particular financial or fiscal year. The revenue comes from taxes, fees, and grants. This includes the Capital and Revenue Budgets.

TYPES OF BUDGET

Master Budget: This budget consolidates the position of all the functional budgets in the form of budgeted Income Statement and Statement of Financial Position. It is the consolidated business plan.



TYPES OF BUDGET

Functional Budgets: These are prepared by the various departments of operation units of the an organization basically for inclusion in the master budget.

Operating Budget: This type budget contains the revenue and expenditure expected to be generated from the daily operations of the company. It consists of both a program budget and a responsibility budget. It includes the Sales, Cash and Production budgets.

TYPES OF BUDGET

Cash Budget: It is simply a cash flow prepared in advance. It documents anticipated payables and receivables for an upcoming period. It is prepared to ensure that the business has enough money to run the organization effortlessly.

Labor Budget: It is tailor-made for labor-intensive firms. Businesses that are heavily reliant on employees need a systematic plan balancing revenue and wages

Budgeting Methods

The following are different methods of preparing budgets:

Incremental Budgeting:- This is a traditional method of preparing budgets where previous period's budget are used as benchmark. An anticipated percentage change is either added or deducted to develop the current budget. It includes adjustment for inflation, overall market growth, and other relevant factors.

Value Proposition Budgeting:- It is also called priority-based budgeting. It involves analyzing and justifying the value of every single item on the expenditure list. Unnecessary expenses are usually eliminated.

Budgeting Methods

Zero-based Budgeting (ZBB):- In this method, all the figures are reset to zero and the process begins with a fresh interpretation of all the items.

The manager/responsible officer [has to justify every new number with reasoning, in contrast to using figures from the previous accounting period.

ZBB eradicates traditional expenditures that are no longer required. It is a strategic top-down approach re-evaluating every detail and decision.

Budgeting Methods

Activity-Based Budgeting (ABB):- This budgeting system records, researches, and analyzes activities that lead to costs for a company.

Every activity in an organization that incurs a cost is scrutinized for potential ways to create efficiencies and the budget is developed based on these results.

It is more rigorous than traditional budgeting processes, which tend to merely adjust previous budgets to account for inflation or business development.

Budgeting Methods

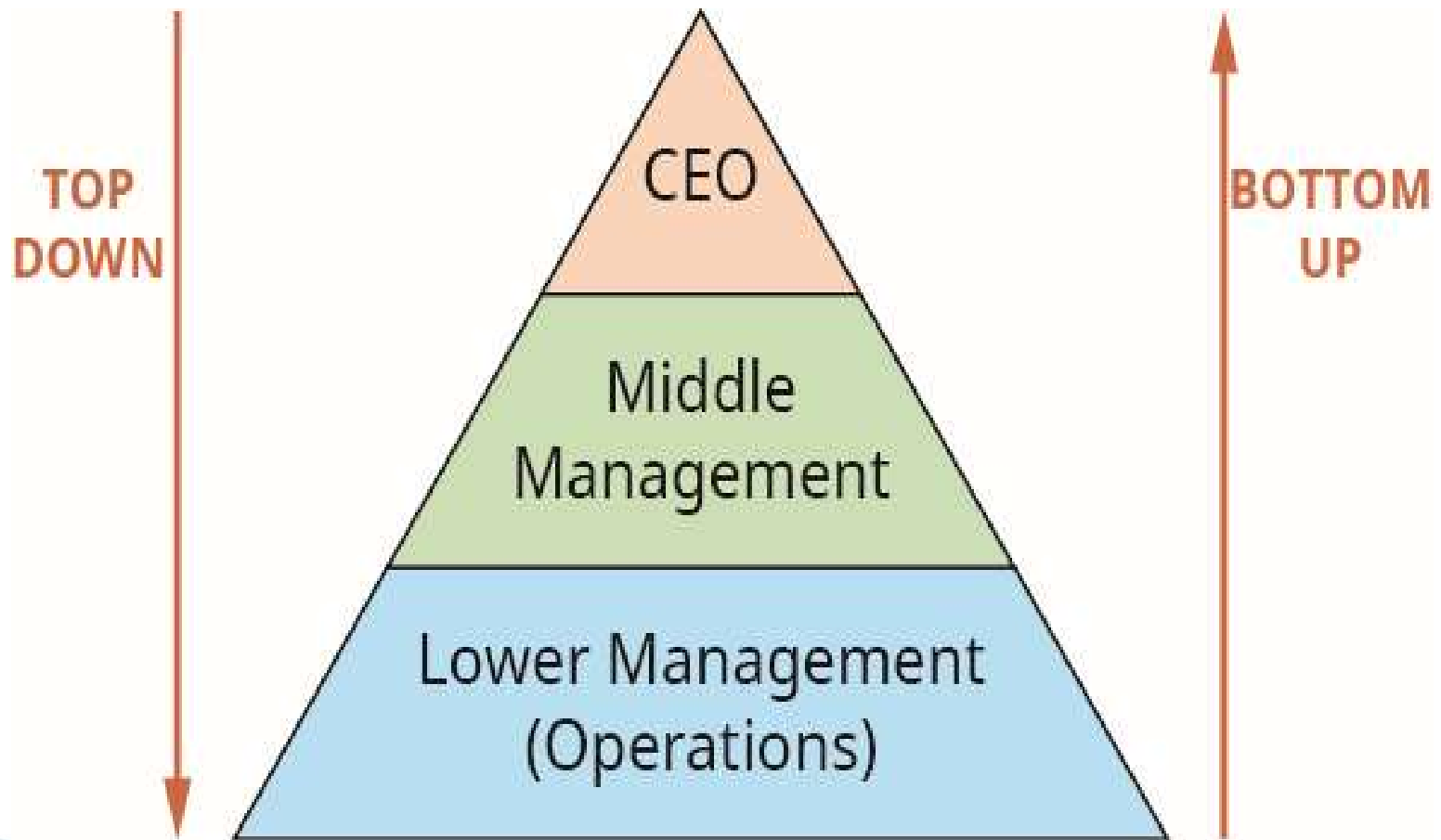
Participative Budgeting:- In this Method, people impacted by a budget (*usually lower level management*) are actively involved in the budget preparation process. This gives lower-level managers a greater sense of ownership in the resulting budget.

Negotiated Budgeting:- this process combines both top-down and bottom-up budgeting. It does not impose the budget preparation process on a single level, but rather allows shared responsibility between superiors and subordinates.

It keeps everybody's mind on the goals and targets.

How is Budgeting Done?

Generally, budgeting is usually done by top-level management. The organization can adopt either a top-down or a bottom up approach.



How is Budgeting Done?

The common steps include:

- ❖ Ascertain the goal of the organization's financial planning.
- ❖ Interpret/compare historical data of revenues and expenses.
- ❖ Do a rough budget to direct the actions towards the objective.
- ❖ Refine the findings to pen down a final budget.
- ❖ Prepare and submit a budget report.
- ❖ Review the budget from time to time
- ❖ Track the performance, taking the necessary corrective measures if required.

What is Budgetary Control?

Budgetary control is a system of controlling cost and ensuring funds are being utilized in accordance with the required level and quality of output from the allocated resources. To ensure effective budgetary control, budgets must be effectively monitored and managed. The process includes:

- ❖ Preparation of various budgets;
- ❖ Continuous comparison of actual performance with budgetary performance;
- ❖ Calculating variances;
- ❖ Establishing reasons for variances; and
- ❖ Taking action to exert control

Conclusion

Now we know that anticipating revenue and expenditure helps track finances, prevents overspending and makes provision for emergency funds.

Be it personal, corporate, or government finance, planning is highly required to actualize short-term or long-term goals.

Capital Budgeting (Investment Appraisal)

What is Capital Budgeting?

Capital budgeting involves choosing projects that add value to a company.

It is the financial planning process that is aimed at determining whether an organization's long term capital investments (*new machinery, replacement of machinery, new plants, new products, and research development projects*) are worth the funding of cash through the firm's capitalization structures (debt, equity or retained earnings).

What is Capital Budgeting?

The process involves:

Evaluating major capital projects or investments like acquiring land or purchasing fixed assets like a new truck or machinery and analyzing a project's lifetime cash inflows and outflows to determine whether the expected return meets a set benchmark.

What is Capital Budgeting?

It is a long-term financial plan for larger financial outlays and is also known as investment appraisal.

The underlying goal here is to increase the value of the firm to the shareholders.

Companies use different metrics to track the performance of a potential project which are the various techniques of capital budgeting.

Why Capital Budgeting?

Capital budgeting is important because it creates accountability and measurability. Any business that seeks to invest its resources in a project without understanding the risks and returns involved would be seen as irresponsible by its owners or shareholders.

Furthermore, if a business has no way of measuring the effectiveness of its investment decisions, the business would have little chance of surviving in the competitive marketplace.

Why Capital Budgeting?

Capital budgeting is required for making decisions in allocating resources, capital, and labor hours since it outlines the expectations for a project. These expectations can be compared against other projects to decide which is most suitable.

Businesses (aside from non-profits) exist to earn profits. The capital budgeting process is a measurable way for businesses to determine the long-term economic and financial profitability of any investment project.

Investment Appraisal Techniques

The investment appraisal techniques are primarily meant to evaluate the viability or performance of a new project.

They answer the question of “Whether the project is viable or profitable” very well. Each technique evaluates the project from a different angle and provides a different insight.

The various investment appraisal techniques are: Payback Period, Accounting Rate of Return, Internal Rate of Return, Net Present Value and Profitability Index.

Investment Appraisal Techniques

Payback Period: This technique states how long does it take for the project to generate sufficient cash-flow to cover the initial cost of the project. It is about the simplest investment appraisal technique.

Example

MOS Consult, a Quantity Survey consulting firm is considering buying a machine costing ₦100,000. There are two options Machine A and Machine B. Machine A will generate revenue of ₦50,000, ₦50,000 & ₦20,000 in year 1, year 2 & year 3 respectively. Machine B will generate revenue of ₦30,000, ₦40,000 & ₦60,000 in year 1, year 2 & year 3 respectively.

Investment Appraisal Techniques

Year	Machine A		Machine B	
	Cash Flows	Cumulative Cash Flow	Cash Flows	Cumulative Cash Flow
0	(100,000.00)	(100,000.00)	(100,000.00)	(100,000.00)
1	50,000.00	(50,000.00)	30,000.00	(70,000.00)
2	50,000.00	-	40,000.00	(30,000.00)
3	20,000.00	20,000.00	60,000.00	30,000.00

From the example, payback period is 2 years & 2.5 years for machine A & machine B respectively. In accordance with the rule, machine A with the shorter payback period will be given preference.

The advantage of payback is, it is very easy to calculate & understand while the disadvantage is that it ignores the *time value of money* & anything that happens after a payback point.

Investment Appraisal Techniques

Accounting rate of return is an accounting technique to measure profit expected from an investment.

It expresses the net accounting profit arising from the investment as a percentage of that capital investment. It is also known as *return on investment* or return on capital.

The formula for ARR is as follows:

$$\text{ARR} = (\text{Average Annual Profit After Tax} / \text{Initial Investment}) \times 100$$

Investment Appraisal Techniques

Example

MOS Consult, is looking to invest in some machinery to replace its current malfunctioning one. The new machine, which costs ₦420,000, would increase annual revenue by ₦200,000 and annual expense by ₦50,000. The machine is estimated to have a useful life of 12 years.

Depreciation expense per/yr = $\frac{\text{₦}420,000}{12} = \text{₦}35,000$

Annual Expenses = $\text{₦}50,000$

Increase in Annual Profit = $\text{₦}200,000$

Average Annual Profit = $\text{₦}200,000 - (\text{₦}50,000 + \text{₦}35,000) = \text{₦}115,000$

Initial investment = $\text{₦}420,000$

ARR = $(\text{₦}115,000 / \text{₦}420,000) \times 100 = 27.38\%$

Investment Appraisal Techniques

Net Present Value

This is the most common method of investment appraisal. Net present value is the sum of discounted future cash inflow & outflow related to the project.

In essence, this method sums up the discounted net cash flows from the investment by the minimum required rate of return & deducts initial investment to give the 'net present value'. The company should accept the project if the NPV is positive.

Investment Appraisal Techniques

Example

MOS Consult is starting the project at cost of ₦100,000. The project will generate cash-flow of ₦40,000 , ₦50,000 & ₦50,000 in year 1, year 2 & year 3 respectively. Company's WACC is 10%. Find the Net Present Value.

Year	Cash Flows	Discount Factor (DF) 10%	Present Value
0	(100,000.00)	1.0000	(100,000.00)
1	40,000.00	0.9091	36,364.00
2	50,000.00	0.8264	41,320.00
3	50,000.00	0.7513	37,565.00
		+NPV	15,249.00

The net present value of the project is ₦15,249.00 which is positive and therefore, the project should be accepted.

Investment Appraisal Techniques

Internal Rate of Return (IRR)

An internal rate of return is the discounting rate, which brings discounted future cash flow at par with the initial investment. In other words, it is the discounting rate at which the company will neither make loss nor make a profit.

We can also state that IRR is the rate at which the NPV of the project will be zero. i.e. Present value of cash inflow – Present value of cash outflow = zero

Investment Appraisal Techniques

IRR Formula:

$$\text{IRR} = R_1 + \frac{\text{NPV}_1}{(\text{NPV}_1 + \text{NPV}_2)} \times R_2 - R_1$$

Where:

R1 is the lowest cost of capital that will generate positive NPV1;

R2 is the highest cost of capital that will generate negative NPV2.

Investment Appraisal Techniques

Profitability Index

This defines how much you will earn per Naira of an investment. The present value of an anticipated future cash flow divided by initial outflow gives the profitability index (PI) of the project.

It is also one of the easy investment appraisal techniques.

Formula:

$$PI = \frac{\text{NPV of a Project}}{\text{Initial capital outlay}}$$

Investment Appraisal Techniques

Let us assume the present value of anticipated future cash flow from a capital investment is ₦120,000 and the initial outflow is ₦100,000.

The profitability index will be 1.2, that is $\frac{₦120,000}{₦100,000}$. Which means each invested naira is generating revenue of 1.2 naira.

If the profitability index is more than 1, the project should be accepted & if it is less than 1 it should be rejected. Where there are other options, the project with the highest profitability index will be chosen.

Investment Appraisal Techniques

Discounted Payback Period Method

This method is the same as the payback period method.

The only difference is that it is calculated on the basis of discounted future cash-flows while in payback method it is calculated on the basis of future cash-flows.

Conclusion

Capital budgeting is a useful tool that companies can use to decide whether to devote capital to a particular new project or investment.

It helps in choosing projects that add value to a company.

The underlying goal of capital budgeting is to increase the value of the firm to the shareholders.

COST ACCOUNTING

What is Cost Accounting

As defined by the Institute of Management Accountants, it is "a systematic set of procedures for recording and reporting measurements of the cost of manufacturing goods and performing services in the aggregate and in detail. It includes methods for recognizing, classifying, allocating, aggregating and reporting such costs and comparing them with standard costs“.

All types of businesses, whether manufacturing, trading or services oriented, require cost accounting to track their activities.

What is Cost?

This refers to the amount to be paid for a good or service or the resources given in exchange for such good or service.

In commercial terms, the cost is the monetary valuation of the effort, material, risk and opportunity cost all put together.

Cost is also defined as the expenditure incurred to produce a given good or service. The cost will be the expenditure that is attributable to something.

What is Cost?

Note that value is measured in terms of the usefulness of the product while the cost is measured strictly in monetary terms.

It is the amount of expenditure (actual or notional) incurred on or attributable to a specified thing or activity.

While cost is a very generic term, it can be classified further as prime cost, sunk cost, factory cost, direct cost, indirect cost, etc. It is advisable to classify costs as it gives more information about it.

What is Costing?

Costing is essentially a technique through which we assign costs to various elements of the business. It is the system of ascertaining costs.

It is typically used to develop costs for customers, distribution channels, employees, geographic regions, products, product lines, processes, subsidiaries and the entire organization.

Concept of Costs

The concepts of costs can be classified as follows:

Concept of Costs in terms of Treatment

Accounting costs

These include the price paid for procuring resources for production like raw materials and machines, wages paid to workers, electricity charges, the cost incurred in hiring or purchasing a building or plot, etc. They are treated as expenses and are recorded in financial statements.

Economic costs

Simply put, economic cost is the accounting cost (explicit cost) plus the opportunity cost (implicit cost). They include money which the entrepreneur forgoes but would have earned had he invested his time, efforts and investments in other ventures.

Concept of Costs

Concept of Costs in terms of Payers

Private costs

These costs are incurred by the business in furtherance of its own objectives. Entrepreneurs spend them for their own private and business interests. For example, costs of manufacturing, production, sale, advertising, etc.

Social costs

As the name suggests, it is the society that bears social costs for private interests and expenses of the business. These include social resources for which the firm does not incur expenses, like atmosphere, water resources and environmental pollution.

Concept of Costs

Concept of Costs in terms of the Purpose

Incremental costs

These costs are incurred when the business makes a policy decision. For example, change of product line, acquisition of new customers, upgrade of machinery to increase output are incremental costs.

Sunk costs

Sunk costs are costs which the entrepreneur has already incurred and he cannot recover them again now. These include money spent on advertising, conducting research, and acquiring machinery.

Concept of Costs

Concept of Costs in terms of the Nature of Expenses

Outlay costs

The actual expenses incurred by the entrepreneur in employing inputs are called outlay costs. These include costs on payment of wages, rent, electricity or fuel charges, raw materials, etc.

Opportunity costs

Opportunity costs are incomes from the next best alternative that is foregone when the entrepreneur makes certain choices.

Concept of Costs

Concept of Costs in terms of Traceability

Direct costs

These are costs related to a specific process or product. They are also called traceable costs as we can directly trace them to a particular activity, product or process. They can vary with changes in the activity or product.

Indirect costs

These are costs which do not directly relate to a specific activity or component of the business. For example, an increase in charges of electricity or taxes payable on income. Although we cannot trace indirect costs, they are important because they affect overall profitability.

Concept of Costs

Concept of Costs in terms of Variability

Fixed costs

Fixed costs are those which do not change with the volume of output. The business incurs them regardless of their level of production. Examples of these include payment of rent, taxes, interest on a loan, etc.

Variable costs

These costs will vary depending upon the output that the business generates. Less production will cost lower expenses, and vice versa. Expenses on the purchase of raw material and payment of wages are examples of variable costs.

What is Cost Management?

Cost management is the process of planning and controlling the costs associated with running a business.

It is the process of managing and controlling monetary resources while running a business

It is a form of management accounting that helps a business reduce the chance of going over budget with more accurate forecasts of impending expenditures.

Strategic Cost Management

This is the process that aims to strengthen a company's strategic position by carefully controlling costs according to the company's broader objectives.

It focuses on making a business more competitive by reducing costs of operations by integrating cost information into the decision-making structure as a means of reinforcing the organizations business strategy.

The practice requires separating the costs that help build a company's strategic position from other costs that may weaken it, then reducing the latter category.

Costing Methods

This refers to the approach or technique used by businesses to determine the costs associated with producing a product or providing a service.

It involves analyzing various cost elements such as raw materials, labor, overhead expenses, and other factors to accurately calculate the total cost per unit or service.

Different costing methods exist, and each has its own advantages and applicability depending on the nature of the business.

Costing Methods

Standard costing:- This method of costing uses predetermined costs for materials and labor. It is probably the most common method due to its simplicity. The predetermined costs are derived from the company's historical experience and are updated periodically to reflect changing conditions.

It is relatively easy to compute and it provides a consistent basis that determines the cost of the product. On the other hand, it can be inaccurate if circumstances change significantly from the time the business established the standards.

Costing Methods

Job costing:- This method is suitable for tracking the costs where there are different projects and the cost of each job varies. This method looks at both direct and indirect costs.

To calculate the cost of a job, you first add all the direct costs and allocate a portion of the indirect costs based on the resources consumed for the assignment.

It gives a relatively accurate picture of the cost of each job because it considers all the associated costs and it can be time-consuming since you need to track and allocate all the different expenses accordingly.

Costing Methods

Process costing :- This method focuses on a particular stage in manufacturing, helps mass producers with slight product variations track costs.

For example, the first stage might be cutting the fabric, and the second stage might be sewing the garment. To calculate the cost of a process, you add up all the direct expenses incurred in that specific production stage and allocate a portion of the indirect costs based on how much the process uses the resources.

It is less time-consuming but can lead to inaccuracies since it doesn't consider all the costs involved in manufacturing.

Costing Methods

Direct costing:- This is also called variable costing. It includes only variable production costs.

The variable costs are those that vary with the level of production, such as raw materials and labor. The fixed costs, such as rent and insurance, are not included in the product cost.

It provides a better understanding of the variable costs and those that are fixed and makes decision-making easier but it can lead to distorted decision-making since it doesn't take into account all the costs involved in production or manufacturing process.

Costing Methods

Target costing:- this method is used to ensure that products are designed and priced to meet customer needs. You need to know what the sale price should be so you start with that in mind. Then, you work backward to ascertain the cost of manufacturing it.

This method ensures that products are designed and priced to meet customer needs because the focus is on the sale price, not on the cost of manufacturing but since it focuses on controlling costs, there could be issues if the production turns out to be more expensive than expected.

Costing Methods

Activity-based costing (ABC):- This method looks into the cost of each unit from mass production depending on the activities involved. It is a more sophisticated version of job costing. It focuses on resource-consuming activities that create costs.

Here, overhead costs are assigned to activities rather than products by first allocating indirect costs to cost pools. (A cost pool is a group of related costs incurred when performing a particular activity.)

The total overhead costs in the cost pool are then divided by the number of units of activity to get the activity rate. This activity rate is then applied to the number of units of activity used by each product to calculate its individual overhead cost.

Costing Methods

Contract Costing:- This is also known as terminal costing. It is a type of job costing in which a contract constitutes a unit of cost.

The principles of job costing are applicable to contract costing and embrace the same basic principles of cost ascertainment. It is similar to factory job costing, but varies in size because the contract usually continues for a longer time.

This is suitable for builders, civil engineering firms, constructional and mechanical engineering firms etc.

Other Costing Methods are: *Batch Costing, Output Costing and Multiple or Composite Costing.*

Costing Methods

Choosing the right Costing Method

- ❖ Process costing is most suitable if you are producing large quantities of standardized products.
- ❖ job costing is more appropriate for companies producing custom-made items or small batches of products.
- ❖ For products that are designed and priced to meet customer needs, target costing is the best option.
- ❖ For mass production where the cost of each unit can vary depending on the activities involved in making it, activity-based costing is the right choice

Ultimately, it's important to choose the type of costing method that meets the needs of your business and provides the information you need to make informed decisions.

Break Even Analysis

In Cost Accounting, Break Even Analysis is the point at which the total cost and total revenue are equal.

It helps in determining the point a business or a new product or service will be profitable.

It is a financial calculation used to determine the number of products or services you must sell to at least cover your production costs.

Break Even Analysis

Note that at the Break Even Point, the Contribution Margin is equal to Zero.

The formula is $SP - VC = CM$

Where $SP =$ Selling Price; $VC =$ Variable Cost and
 $CM =$ Contribution Margin

Where Selling Price = N100; Variable Cost = N70

The Contribution Margin = N30

But where Variable Cost = N100, The Contribution Margin will become = $N100 - N100 = 0$

The Break Even Point is when the Variable Cost is N100

How Does a Service Based Business Work out its Break-even?

The process is complicated because service based business does not have a physical product to sell like a retailer or manufacturer.

The first step is to **identify your unit**. For example, a consultancy-based firm bills their customers by the hourly service rate while other businesses might have a fixed price per customer, also known as value-based pricing.

In each case, they are all seeking to know how many units (hours, tax returns, courses, customers and so on) they need to undertake to reach break-even.

How Does a Service Based Business Work out its Break-even?

Distinguishing your variable and fixed costs is where the complications are. The nature of a service-based business means that the most considerable portion of its expenses commonly relates to wages and salaries leading to difficulties in defining what is variable and what is a fixed cost.

Example:

Business Type: Consultancy

Unit of Measure: Clients

Objective: Find out how many **clients** they need to break-even

How Does a Service Based Business Work out its Break-even?

Total Fixed Costs: N260,000 (Wages N182,000; Other N78,000)

Selling Price (Consultancy Fee): Average client will need 100 hours per year @ N125 per hour = N12,500 p.a.

Variable Cost: Variable cost is N2,100 p.a. (includes printing, on-call consultants, Outstation/Accommodation Allowance)

The Break-even Point=

Total Fixed Cost / (Selling Price - Variable Cost) =
N260,000 / (N12,500 - N2,100) = 25 clients

THANK YOU FOR YOUR ATTENTION



Do You Have Any Questions?



We would be happy to help.

SYNDICATE SESSION

Group discussions / Interactions

DISCUSS BUDGETING PROCESS

Cash Budget
(for the Month₁, Month₂, Month₃ ending)

Details/Particulars	Month 1	Month 2	Month 3
Opening Balance	xxxxx	xxxxx	xxxxx
(A) Receipts:			
Cash Sales	xxxxx	xxxxx	xxxxx
Collection from Debtors	xxxxx	xxxxx	xxxxx
Call money on Shares	xxxxx	xxxxx	xxxxx
Loan Received	xxxxx	xxxxx	xxxxx
Sale of Capital Assets	xxxxx	xxxxx	xxxxx
Other Receipts	xxxxx	xxxxx	xxxxx
Total (A)	xxxxx	xxxxx	xxxxx
(B) Payments:			
Cash Purchases	xxxxx	xxxxx	xxxxx
Payment to Creditors	xxxxx	xxxxx	xxxxx
Wages and Salaries	xxxxx	xxxxx	xxxxx
Interest & Payable	xxxxx	xxxxx	xxxxx
Capital Expenditure	xxxxx	xxxxx	xxxxx
Loan Repaid	xxxxx	xxxxx	xxxxx
Taxes	xxxxx	xxxxx	xxxxx
Dividends	xxxxx	xxxxx	xxxxx
Total (B)	xxxxx	xxxxx	xxxxx
Closing Balance (A-B)	xxxxx	xxxxx	xxxxx

BIG BAD BIKES
Budgeted Balance Sheet
December 31, 2019

	Jan. 1	Dec. 31
	NGN	NGN
Cash	13,000	36,443
Accounts Receivable	0	78,250
- Allowance for Doubtful Accounts		(22,000)
Inventory	0	42,629
Machinery and Equipment	15,000	23,500
Accumulated Depreciation	(2,000)	(22,000)
Total Assets	<u>26,000</u>	<u>136,822</u>
Accounts Payable	0	6,000
Line of Credit		
Common Stock	15,000	20,000
Retained Earnings	11,000	110,822
Total Liability and Owner's Equity	<u>26,000</u>	<u>136,822</u>

