

EXERCISE 1-4

DENSON CO.
Income Statement
For the Year Ended December 31, 2010

Revenues		
Service revenue.....		\$53,000
Expenses		
Salaries expense.....	\$30,000	
Rent expense	10,400	
Utilities expense.....	2,400	
Advertising expense.....	1,800	
Total expenses		<u>44,600</u>
Net income		<u>\$ 8,400</u>

DENSON CO.
Retained Earnings Statement
For the Year Ended December 31, 2010

Retained earnings, January 1.....		\$64,000
Add: Net income.....		<u>8,400</u>
		72,400
Less: Dividends		<u>6,000</u>
Retained earnings, December 31		<u>\$66,400</u>