

FINANCIAL STATEMENT PREPARATION

Shown below (in random order) is the trial balance for ACE Consultants, Inc. as of December 31, 2006. Ace Consultants is on a calendar year.

Using the lined paper provided **prepare in good form** a single-step income statement, a retained earnings statement and a balance sheet. Be sure to include a proper heading for each statement and all proper dollars signs and underlining.

**PUT THE INCOME STATEMENT AND RETAINED EARNINGS STATEMENT ON ONE SIDE OF THE LINED PAPER AND THE BALANCE SHEET ON THE OTHER SIDE!**

	<u>Debit</u>	<u>Credit</u>
Beginning retained earnings		12,000
Common stock		30,000
Accounts payable		6,000
Building	13,000	
Service revenue		25,000
Dividends	4,000	
Office supplies expense	2,000	
Cash	8,000	
Mortgage payable, due in 2010		3,000
Accumulated depreciation		3,000
Utilities expense	1,000	
Office supplies on hand	2,000	
Salaries expense	9,000	
Accounts receivable	11,000	
Rent expense	5,000	
Land	21,000	
Wages payable		1,000
Merchandise Inventory	6,000	
Long-term note payable		2,000
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	82,000	82,000
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ACE Consultants, Inc.  
Income Statement  
Year Ended December 31, 2006

Service revenue		\$25,000
Expenses:		
Office supplies expense	\$2,000	
Utilities expense	1,000	
Salaries expense	9,000	
Rent expense	<u>5,000</u>	
Total expenses		<u>17,000</u>
Net income		\$ 8,000
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ACE Consultants, Inc.  
Retained Earnings Statement  
Year Ended December 31, 2006

Beginning Retained Earnings		\$12,000
Add: Net income		<u>8,000</u>
		20,000
Less: Dividends		<u>4,000</u>
Ending Retained Earnings		\$16,000
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ACE Consultants, Inc.  
 Balance Sheet  
 December 31, 2006

Assets

Current Assets:

Cash		\$ 8,000
Accounts receivable		11,000
Merchandise inventory		6,000
Office supplies on hand		<u>2,000</u>
Total current assets		27,000

Long Lived Assets:

Land	\$21,000	
Building	13,000	
Less accumulated depreciation	<u>( 3,000)</u>	
Total long lived assets		<u>31,000</u>

Total assets		\$58,000
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Liabilities and Stockholders' Equity

Current Liabilities:

Accounts payable		\$ 6,000
Wages payable		<u>1,000</u>
Total current liabilities		7,000

Long-term Liabilities:

Note payable	\$ 2,000	
Mortgage payable	<u>3,000</u>	
Total long-term liabilities		<u>5,000</u>

Total Liabilities		12,000
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Stockholders' Equity:

Common stock	30,000	
Retained earnings	<u>16,000</u>	
Total stockholders' equity		<u>46,000</u>

Total liabilities and stockholders' equity		\$58,000
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ACE Consultants, Inc.  
Income Statement  
Year Ended December 31, 2006

Service revenue	<u>\$25,000</u>
Expenses:	
Office supplies expense	2,000
Utilities expense	1,000
Salaries expense	9,000
Rent expense	<u>5,000</u>
Total expenses	<u>17,000</u>
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ACE Consultants, Inc.  
Retained Earnings Statement  
Year Ended December 31, 2006

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	20,000
Less: Dividends	<u>4,000</u>
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ACE Consultants, Inc.  
Balance Sheet  
December 31, 2006

Assets

Current Assets:

Cash	\$ 8,000
Accounts receivable	11,000
Merchandise inventory	6,000
Office supplies on hand	<u>2,000</u>
Total current assets	<u>27,000</u>

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Building	13,000
Less accumulated depreciation	<u>( 3,000)</u>
Total long lived assets	<u>31,000</u>
Total assets	\$58,000

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Liabilities and Stockholders' Equity

Current Liabilities:

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Wages payable	<u>1,000</u>
Total current liabilities	<u>7,000</u>

Long-term Liabilities:

Note payable	2,000
Mortgage payable	<u>3,000</u>
Total long-term liabilities	<u>5,000</u>
Total Liabilities	<u>12,000</u>

Stockholders' Equity:

Common stock	30,000
Retained earnings	<u>16,000</u>
Total stockholders' equity	<u>46,000</u>
Total liabilities and stockholders' equity	\$58,000

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