

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 |
| | ----- | ----- |
| | 82,000 | 82,000 |
| | ===== | ===== |