

## 1.8: Chapter 1 Appendix – Financial Statement Preparation

Lawndale Company Final Trial Balance—(including four adjusting entries)

Account	Debit Balance	Credit Balance
Cash	\$41,400	
Accounts receivable	9,500	
Inventory	8,000	
Prepaid rent	3,000	
Truck	40,000	
Accounts payable		\$2,600
Utilities payable		900
Unearned revenue		2,400
Notes payable		49,000
Capital stock		31,000
Retained earnings, beginning of year		7,000
Dividends paid	600	
Sales of merchandise		27,000
Sales of services		1,100
Cost of goods sold	14,000	
Rent expense	4,600	
Salary expense	1,300	
Utilities expense	900	
Insurance expense	700	
Gain on sale of land		3,000
Totals	\$124,000	\$124,000

Lawndale Company Income Statement for Year Ended December 31

Revenues:		
Sales of merchandise	\$27,000	
Sales of services	1,100	
Total revenues		\$28,100
Expenses:		
Cost of goods sold	14,000	
Rent	4,600	
Salary	1,300	
Utilities	900	
Insurance	700	
Total expenses		(21,500)
Gain on sale of land		3,000
Net Income		\$9,600

#### Lawndale Company Statement of Retained Earnings for Year Ended December 31, 2009

Retained earnings balance, January 1, 2009		\$7,000
Net income reported for 2009	\$9,600	
Dividends distributed during 2009	<u>600</u>	
Net income less dividends for 2009		<u>9,000</u>
Retained earnings balance, December 31, 2009		<u>\$16,000</u>

#### Lawndale Company Balance Sheet, December 31, 2009

Current Assets	<u>Assets</u>	
Cash	\$41,400	
Accounts receivable	9,500	
Inventory	8,000	
Prepaid rent	<u>3,000</u>	
Total current assets		\$61,900
Noncurrent Assets		
Truck		<u>40,000</u>
Total assets		<u>\$101,900</u>

#### Liabilities and Stockholders' Equity

Current Liabilities	<u>Liabilities</u>	
Accounts payable	\$2,600	
Utilities payable	900	
Unearned revenue	<u>2,400</u>	
Total current liabilities		\$5,900
Noncurrent Liabilities		
Notes payable		<u>49,000</u>
Total liabilities		\$54,900
	<u>Stockholders' Equity</u>	
Capital Stock	\$31,000	
Retained Earnings	<u>16,000</u>	
Total stockholders' equity		<u>\$47,000</u>
Total liabilities and stockholders' equity		<u>\$101,900</u>

1.8: Chapter 1 Appendix – Financial Statement Preparation is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.