

**22-2 WORK TOGETHER, p. 690**

**Preparing an income statement, statement of stockholders' equity, and balance sheet for a corporation**

1.

Income Statement												
												% OF SALES
Operating Revenue:												
Sales												
Less: Sales Discount												
Sales Returns and Allowances												
Net Sales												
Cost of Merchandise Sold:												
Merchandise Inventory, Jan. 1, 20-												
Purchases												
Less: Purchases Discount												
Purchases Returns and Allowances												
Net Purchases												
Total Cost of Merchandise Available for Sale												
Less Merchandise Inventory, Dec. 31, 20-												
Cost of Merchandise Sold												
Gross Profit												
Operating Expenses:												
Advertising Expense												
Cash Short and Over												
Credit Card Fee Expense												
Depreciation Expense—Equipment												
Insurance Expense												
Miscellaneous Expense												
Payroll Taxes Expense												
Rent Expense												
Repairs Expense												
Salary Expense												
Supplies Expense												
Uncollectible Accounts Expense												
Utilities Expense												
Total Operating Expenses												
Income from Operations												
Other Revenue:												
Interest Income												
Rent Income												
Gain on Plant Assets												
Total Other Income												
Other Expenses:												
Interest Expense												
Loss on Plant Assets												
Total Other Expenses												
Net Addition												
Net Income before Federal Income Tax												
Less Federal Income Tax Expense												
Net Income after Federal Income Tax												

**22-2 WORK TOGETHER (continued)**

2.

Statement of Stockholders' Equity

Capital Stock—Common:																					
\$1.00 Par Value																					
January 1, 20--, 4,500 Shares Issued																					
Issued during Current Year, 500 Shares																					
Balance, December 31, 20--, 5,000 Shares Issued																					
Paid-in Capital in Excess of Par—Common:																					
Balance, January 1, 20--																					
Issued during Current Year																					
Balance, December 31, 20--																					
Capital Stock—Preferred:																					
\$10.00 Par Value, 5%																					
January 1, 20--, 0 Shares Issued																					
Issued during Current Year, 500 Shares																					
Balance, December 31, 20--, 500 Shares Issued																					
Retained Earnings:																					
Balance, January 1, 20--																					
Net Income after Federal Income Tax for 20--																					
Less Dividends Declared during 20--																					
Net Increase during 20--																					
Balance, December 31, 20--																					
Total Stockholders' Equity, December 31, 20--																					

**22-2 WORK TOGETHER (concluded)**

**3.**

Balance Sheet

Assets												
Current Assets:												
Cash												
Petty Cash												
Accounts Receivable												
Less Allowance for Uncollectible Accounts												
Notes Receivable												
Interest Receivable												
Merchandise Inventory												
Supplies												
Prepaid Insurance												
Total Current Assets												
Plant Assets:												
Equipment												
Less Accumulated Depreciation—Equipment												
Total Plant Assets												
Total Assets												
Liabilities												
Current Liabilities:												
Accounts Payable												
Sales Tax Payable												
Notes Payable												
Interest Payable												
Unearned Rent Income												
Employee Income Tax Payable												
Social Security Tax Payable												
Medicare Tax Payable												
Medical Insurance Payable												
Unemployment Tax Payable—State												
Unemployment Tax Payable—Federal												
Federal Income Tax Payable												
Dividends Payable												
Total Current Liabilities												
Long-term Liabilities:												
Bonds Payable												
Total Long-term Liabilities												
Total Liabilities												
Stockholders' Equity												
Capital Stock—Common												
Paid-in Capital in Excess of Par—Common												
Capital Stock—Preferred												
Retained Earnings												
Total Stockholders' Equity												
Total Liabilities and Stockholders' Equity												

**22-2 ON YOUR OWN, p. 690**

**Preparing an income statement, statement of stockholders' equity, and balance sheet for a corporation**

**1.**

Income Statement												
												% OF SALES
Operating Revenue:												
Sales												
Less: Sales Discount												
Sales Returns and Allowances												
Net Sales												
Cost of Merchandise Sold:												
Merchandise Inventory, Jan. 1, 20-												
Purchases												
Less: Purchases Discount												
Purchases Returns and Allowances												
Net Purchases												
Total Cost of Merchandise Available for Sale												
Less Merchandise Inventory, Dec. 31, 20-												
Cost of Merchandise Sold												
Gross Profit												
Operating Expenses:												
Advertising Expense												
Cash Short and Over												
Credit Card Fee Expense												
Depreciation Expense--Equipment												
Insurance Expense												
Miscellaneous Expense												
Payroll Taxes Expense												
Rent Expense												
Repairs Expense												
Salary Expense												
Supplies Expense												
Uncollectible Accounts Expense												
Utilities Expense												
Total Operating Expenses												
Income from Operations												
Other Revenue:												
Interest Income												
Rent Income												
Gain on Plant Assets												
Total Other Income												
Other Expenses:												
Interest Expense												
Loss on Plant Assets												
Total Other Expenses												
Net Addition												
Net Income before Federal Income Tax												
Less Federal Income Tax Expense												
Net Income after Federal Income Tax												

**22-2 ON YOUR OWN (continued)**

2.

Statement of Stockholders' Equity

Capital Stock—Common:																							
\$5.00 Par Value																							
January 1, 20--, 2,000 Shares Issued																							
Issued during Current Year, 1,000 Shares																							
Balance, December 31, 20--, 3,000 Shares Issued																							
Paid-in Capital in Excess of Par—Common:																							
Balance, January 1, 20--																							
Issued during Current Year																							
Balance, December 31, 20--																							
Capital Stock—Preferred:																							
\$10.00 Par Value, 5%																							
January 1, 20--, 0 Shares Issued																							
Issued during Current Year, 1,000 Shares																							
Balance, December 31, 20--, 1,000 Shares Issued																							
Retained Earnings:																							
Balance, January 1, 20--																							
Net Income after Federal Income Tax for 20--																							
Less Dividends Declared during 20--																							
Net Increase during 20--																							
Balance, December 31, 20--																							
Total Stockholders' Equity, December 31, 20--																							

## 22-2 ON YOUR OWN (concluded)

3.

### Balance Sheet

Assets																				
Current Assets:																				
Cash																				
Petty Cash																				
Accounts Receivable																				
Less Allowance for Uncollectible Accounts																				
Notes Receivable																				
Interest Receivable																				
Merchandise Inventory																				
Supplies																				
Prepaid Insurance																				
Total Current Assets																				
Plant Assets:																				
Equipment																				
Less Accumulated Depreciation—Equipment																				
Total Plant Assets																				
Total Assets																				
Liabilities																				
Current Liabilities:																				
Accounts Payable																				
Sales Tax Payable																				
Notes Payable																				
Interest Payable																				
Unearned Rent Income																				
Employee Income Tax Payable																				
Social Security Tax Payable																				
Medicare Tax Payable																				
Medical Insurance Payable																				
Unemployment Tax Payable—State																				
Unemployment Tax Payable—Federal																				
Federal Income Tax Payable																				
Dividends Payable																				
Total Current Liabilities																				
Long-term Liabilities:																				
Bonds Payable																				
Total Long-term Liabilities																				
Total Liabilities																				
Stockholders' Equity																				
Capital Stock—Common																				
Paid-in Capital in Excess of Par—Common																				
Capital Stock—Preferred																				
Retained Earnings																				
Total Stockholders' Equity																				
Total Liabilities and Stockholders' Equity																				

**22-2 APPLICATION PROBLEM (LO2, 3, 4), p. 710**

**Preparing an income statement, statement of stockholders' equity, and balance sheet for a corporation**

1.

Income Statement												
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Operating Revenue:												
Sales												
Less: Sales Discount												
Sales Returns and Allowances												
Net Sales												
Cost of Merchandise Sold:												
Merchandise Inventory, Jan. 1, 20-												
Purchases												
Less: Purchases Discount												
Purchases Returns and Allowances												
Net Purchases												
Total Cost of Merchandise Available for Sale												
Less Merchandise Inventory, Dec. 31, 20-												
Cost of Merchandise Sold												
Gross Profit												
Operating Expenses:												
Advertising Expense												
Cash Short and Over												
Credit Card Fee Expense												
Depreciation Expense—Equipment												
Insurance Expense												
Miscellaneous Expense												
Payroll Taxes Expense												
Rent Expense												
Repairs Expense												
Salary Expense												
Supplies Expense												
Uncollectible Accounts Expense												
Utilities Expense												
Total Operating Expenses												
Income from Operations												
Other Revenue:												
Interest Income												
Rent Income												
Gain on Plant Assets												
Total Other Income												
Other Expenses:												
Interest Expense												
Loss on Plant Assets												
Total Other Expenses												
Net Deduction												
Net Income before Federal Income Tax												
Less Federal Income Tax Expense												
Net Income after Federal Income Tax												





**22-2 APPLICATION PROBLEM (continued)**

2.

Statement of Stockholders' Equity

Capital Stock—Common:									
\$1.00 Par Value									
January 1, 20--, 15,000 Shares Issued									
Issued during Current Year, 5,000 Shares									
Balance, December 31, 20--, 20,000 Shares Issued									
Paid-in Capital in Excess of Par—Common:									
Balance, January 1, 20--									
Issued during Current Year									
Balance, December 31, 20--									
Capital Stock—Preferred:									
\$30.00 Par Value, 5%									
January 1, 20--, 0 Shares Issued									
Issued during Current Year, 1,000 Shares									
Balance, December 31, 20--, 1,000 Shares Issued									
Retained Earnings:									
Balance, January 1, 20--									
Net Income after Federal Income Tax for 20--									
Less Dividends Declared during 20--									
Net Increase during 20--									
Balance, December 31, 20--									
Total Stockholders' Equity, December 31, 20--									

**22-2 APPLICATION PROBLEM (concluded)**

**3.**

Balance Sheet												
Assets												
Current Assets:												
Cash												
Petty Cash												
Accounts Receivable												
Less Allowance for Uncollectible Accounts												
Notes Receivable												
Interest Receivable												
Merchandise Inventory												
Supplies												
Prepaid Insurance												
Total Current Assets												
Plant Assets:												
Equipment												
Less Accumulated Depreciation—Equipment												
Total Plant Assets												
Total Assets												
Liabilities												
Current Liabilities:												
Accounts Payable												
Sales Tax Payable												
Notes Payable												
Interest Payable												
Unearned Rent Income												
Employee Income Tax Payable												
Social Security Tax Payable												
Medicare Tax Payable												
Medical Insurance Payable												
Unemployment Tax Payable—State												
Unemployment Tax Payable—Federal												
Federal Income Tax Payable												
Dividends Payable												
Total Current Liabilities												
Long-term Liabilities:												
Bonds Payable												
Total Long-term Liabilities												
Total Liabilities												
Stockholders' Equity												
Capital Stock—Common												
Paid-in Capital in Excess of Par—Common												
Capital Stock—Preferred												
Retained Earnings												
Total Stockholders' Equity												
Total Liabilities and Stockholders' Equity												