

## Chapter 7: Financial Statements for a Proprietorship

### Vocabulary:

- financial accounting
- managerial accounting
- financial ratio
- ratio analysis
- vertical analysis
- return on sales (ROS)

### Learning Objectives

After studying Chapter, in addition to defining key terms, you will be able to:

- ✓ LO1 Prepare an income statement for a service business.
- ✓ LO2 Calculate and analyze financial ratios using income statement amounts.
- ✓ LO3 Prepare a balance sheet for a service business organized as a proprietorship.

### Competencies:

#### **6320: Accounting**

10: Demonstrate critical-thinking and problem-solving skills.

Understanding the Accounting Cycle for a Service Business

45: Prepare financial statements for a service business.

**53: Maintain financial records for a service business, using accounting software.**

**54: Maintain financial records for a service business, using spreadsheet software.**

66: Prepare financial statements for a merchandising business.

67: Analyze financial statements for a merchandising business.

101: Explore career opportunities in accounting.



"I've got to get my timesheet in, can you hold the boat?"