

Due Date :

Student Name:

Student ID:

**Plagiarism – a Zero mark will be given if you copy someone else's work or you let someone copy your work.**

### **The Accounting Equation and Financial Statement Preparation**

DFC, Inc. began 2020 with total assets of \$120,000 and ended 2020 with total assets of \$128,000. The revenue of DFC, Inc. during 2020 is \$104,000 and had expenses of \$80,000. DFC, Inc. paid dividends of \$20,000 in 2020.

Requirement:

(a) Prepare the Income Statement of DFC, Inc. for the year ended December 31, 2020, Complete with an appropriate heading. (40Marks)

( HINS : heading should include the company name, the name of the statement and the reporting period)

(b) What is the amount of total assets at the end of 2020? (10 Marks)

(c) If beginning retained earnings for the company was \$46,000, what would be the retained earnings amount at the end of 2020? Show your working. (20 Marks)

(d) Show your working. The Paid-in Capital is \$30,000 at the end of the year, ( 30 Marks)

(i) Calculate the Owners' Equity at year end, and

(ii) What is the amount of total liabilities at the end of 2020?

(Hint: Use the accounting equation)