

Solution:

Statements are as follows:

STATEMENT OF INCOME CUM RETAINED EARNINGS (in \$)

Name: Detroit Machinery, Inc.

As Of: November 2010

Particulars	Amount
INCOME STATEMENT:	
Sales Revenue	96,000
Cost of Goods Sold	70,000
Gross Profit	26,000
Other Operating Expenses:	
Rent	(1,000)
Salaries & Wages	(8,000)
Net Operating Income	17,000
RETAINED EARNINGS:	
Retained Earnings as of October 31, 2010	16,000
Add: Income	17,000
Less: Dividends Declared & Paid	(10,000)
Retained Earnings as of November 30, 2010	7,000

CLASSIFIED & CONSOLIDATED BALANCE SHEET (in \$)

Name: Detroit Machinery, Inc.

As Of: November 30, 2010

Particulars	Amount
ASSETS:	
Cash	84,000
Accounts Receivable	111,000
Inventory	80,000
Prepaid Rent	1,000
Total assets	276,000
LIABILITIES:	
Accounts Payable	93,000
Total liabilities	93,000
STOCKHOLDERS' EQUITY:	
Paid in Capital	160,000
Retained Earnings	23,000
Total stockholders' equity	183,000
Total liabilities & stockholders' equity	276,000