

**Solution:**

The statement of income and retained earnings are consolidated into a single statement, and the balance sheet is on the next page.

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**STATEMENT OF INCOME CUM RETAINED EARNINGS**  
**(Amount in \$)**

Name: **Rockwell Wholesalers, Inc.**

As Of: **December 31, 2011**

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**Particulars**

**Amount**

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**INCOME STATEMENT:**

Sales of Goods	936,800
Cost of Goods Sold	(590,000)
<b>Gross Profit</b>	<b>346,800</b>

**Operating Expenses:**

Advertisements	97,300	
Salary & wages	132,800	
Telephone charges	2,500	
Insurance	3,500	
Repairs & maintenance	4,800	
Depreciation & amortization	6,250	
Total net operating expenses		(247,150)
<b>Net Operating Income</b>		<b>99,650</b>

**Other Revenues (Expenses):**

Rent	1,600	
Interest Received	360	
Less: Interest Paid	(500)	
Other Unaccounted Expenses	(3,400)	
Total other revenues (expenses)		(1,940)
<b>Income Before Tax</b>		<b>97,710</b>
Income Tax Paid		(39,084)
<b>Net Income</b>		<b>58,626</b>

**RETAINED EARNINGS:**

Beginning of the year	164,000
Add: Net Income	58,626
Less: Dividends declared	(60,000)
<b>Retained Earnings as of 31 December, 2011</b>	<b>162,626</b>

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**CLASSIFIED & CONSOLIDATED BALANCE SHEET**  
(Amounts in \$)

**Name: Rockwell Wholesalers, Inc.**

**As Of: December 31, 2011**

<b>Particulars</b>	<b>Amount</b>
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash & Cash Equivalents	99,300
Merchandise Inventory	201,900
Accounts Receivables	183,100
Notes Receivables	36,000
Add: Interest	360
Total current assets	520,660
<b>Non-current assets:</b>	
Land	169,200
Buildings, net value	274,750
Unexpired Insurance	2,300
Total non-current assets	445,250
<b>Total assets</b>	<b>965,910</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY:</b>	
<b>Current liabilities:</b>	
Accounts Payable	52,500
Salaries Payable	8,500
Unearned Rent Revenue	3,200
Dividends Payable	60,000
Income Taxes Deferred	39,084
Total current liabilities	163,284
<b>Non-current liabilities:</b>	
Notes Payable	20,000
Total non-current liabilities	20,000
<b>Stockholders' Equity:</b>	
Capital	620,000
Retained Earnings	162,626
Total stockholders' equity	782,626
<b>Total liabilities &amp; stockholders' equity</b>	<b>965,910</b>

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