

Sample Company
Income Statement (Service)
For the Year Ended September 30, 2021

Service revenue		\$2,750
Operating Expenses:		
Depreciation expense	100	
Wages expenses	1,200	
Supplies expenses	<u>60</u>	
Total operating expenses		<u>1,360</u>
Operating Income		1,390
Other Item:		
Interest expense	<u>40</u>	
Pretax income		<u>1,350</u>
Income tax expense	<u>405</u>	
Net income		<u>\$945</u>

Sample Company
Statement of Retained Earnings
For the Year Ended September 30, 2021

	<u>Retained Earnings</u>
— Balance, October 1, 2020	\$ 820
Net income	945
Dividends declared	<u>(500)</u>
Balance, September 30, 2021	<u>\$1,265</u>

Sample Company
Income Statement (Product)
For the Year Ended September 30, 2021

Sales revenue		\$6,875
Cost of Goods Sold		<u>(4,125)</u>
Gross Profit		\$2,750
Operating Expenses:		
Depreciation expense	100	
Wages expenses	1,200	
Supplies expenses	<u>60</u>	
Total operating expenses		<u>1,360</u>
Operating Income		1,390
Other Item:		
Interest expense	<u>40</u>	
Pretax income		<u>1,350</u>
Income tax expense	<u>405</u>	
Net income		<u>\$945</u>

Sample Company
Statement of Retained Earnings
For the Year Ended September 30, 2021

	<u>Retained Earnings</u>
— Balance, October 1, 2020	\$ 820
Net income	945
Dividends declared	<u>(500)</u>
Balance, September 30, 2021	<u><u>\$1,265</u></u>

Sample Company
Balance Sheet
September 30, 2021

Assets		Liabilities and Stockholders' Equity	
<u>Current Assets:</u>		<u>Current Liabilities:</u>	
Cash	\$ 1,550	Accounts payable	\$60
Accounts receivable	770	Interest payable	80
Supplies	<u>40</u>	Wages payable	100
Total current assets	2,360	Income taxes payable	405
		Utilities payable	<u>250</u>
		Total Current Liabilities	895
Equipment	12,000	Long-term Notes Payable	8,000
Less: Accumulated deprec.	<u>(1,300)</u>		
	10,700	<u>Owners' Equity:</u>	
		Owners' capital	2,900
		Retained earnings	<u>1,265</u>
		Total equity	<u>4,165</u>
Total assets	<u>\$13,060</u>	Total liabilities and owners' equity	<u>\$13,060</u>
