

I.

1.	Date	Account	Amount	
			13,000	
	3/31	Service Revenue		
		Income Summary	13,000	
	3/31	Income Summary	9,350	
		Salaries Expense	2,200	
		Travel Expense	1,300	
		Depreciation Expense	3,000	
		Insurance Expense	300	
		Supplies Expense	650	
		Interest Expense	500	
		Rent Expense	1,200	
		Miscellaneous Expense	200	
	3/31	Income Summary	3,650	
		Retained Earnings	3,650	
	3/31	Retained Earnings	600	
		Dividends	600	

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2. Net Income = $13,000 - 9,350 = \underline{\underline{\$ 3,650}}$ #

3. Retained Earnings = $5,000 + 3,650 - 600 = \underline{\underline{\$ 8,050}}$ #

1.

Income Statement

May 31, 2005

Revenues		
Brokerage Revenue	<u>\$28,000</u>	\$28,000
Total Revenue		
Expenses		
Salaries Expense	\$3,500	
Rent Expense	2,800	
Supplies Expense	400	
Depreciation Expense	1,000	
Insurance Expense	<u>250</u>	
Total Expense		(7,950)
Net Income		<u>\$20,050</u>

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2.

Statement of retained earnings

For the month ended on May 31, 2005

Retained Earnings, 5/1, 2005	\$ 0
Add: Net Income	20,350
Less: Dividends	<u>(10,000)</u>
Retained Earnings, 5/31, 2005	<u><u>\$ 10,350</u></u>

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3.

Statement of financial position

May 31, 2005

Assets		Liabilities	
Cash	\$10,200	Accounts Payable	\$43,600
Accounts Receivable	15,000	Total Liabilities	<u>\$43,600</u>
Office Supplies	4,000	Equity	
Prepaid Insurance	2,750	Share Capital-Ordinary	\$130,000
Prepaid Rent	33,000	Retained Earnings	<u>10,350</u>
Furniture & Equipment	\$60,000	Total Equity	<u>140,350</u>
Accumulated Depreciation	(11,000)	Total Liabilities and Equity	<u><u>\$183,950</u></u>
- Furniture & Equipment	59,000		
	<u>\$183,950</u>		

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