

AC 201 Chapter 8 Solutions

Problem 8-12

Part 1

SHARP CONSTRUCTION FIRM Income Statement For Year Ended December 31, 2011		
Revenues		
Professional fees earned	500,000	
Rents earned	13,000	
Dividends earned	3,000	
Interest earned	3,000	
Total revenues		529,000
Expenses		
Depreciation expense—Building	10,000	
Depreciation expense—Equipment	5,000	
Wages expense	30,000	
Interest expense	4,000	
Insurance expense	6,000	
Rent expense	12,000	
Supplies expense	4,000	
Freight expense	3,000	
Property taxes expense	4,000	
Repairs expense	7,000	
Telephone expense	2,000	
Utilities expense	3,000	
Total expenses		100,000
Net income		429,000

SHARP CONSTRUCTION FIRM Statement of Owner's Equity For Year Ended December 31, 2011		
J. Sharp, Capital, December 31, 2010		500,000
Add: Investments by owner	500,000	
Net income	429,000	929,000
		90,000
Less: Withdrawals by owner		(27,000)
J. Sharp, Capital, December 31, 2011		802,000