

AC 201 Chapter 8 Solutions

Problem 8-6A

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.....		\$119,000
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.....		89,000
Net income.....		\$30,000

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.....	30,000	50,000
		550,000
Less: Withdrawals by owner.....		(250,000)
J. Sharp, Capital, December 31, 2011.....		300,000