

**AC 201 Chapter 8 Solutions**

**Problem 8-6B**

Part 1

SHARP CONSULTING FIRM Income Statement For Year Ended December 31, 2011		
<b>Revenues</b>		
Professional fees earned.....	500,000	
Rent earned.....	13,000	
Dividends earned.....	3,000	
Interest earned.....	3,000	
<b>Total revenues.....</b>		<b>\$119,000</b>
<b>Expenses</b>		
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	
Printing expense.....	3,000	
Property taxes expense.....	4,000	
Repairs expense.....	7,000	
Telephone expense.....	2,000	
Utilities expense.....	3,000	
<b>Total expenses.....</b>		<b>90,000</b>
<b>Net income.....</b>		<b>\$ 29,000</b>

SHARP CONSULTING FIRM Statement of Owner's Equity For Year Ended December 31, 2011		
J. Sharp, Capital, December 31, 2010.....		500,000
<b>Add: Investments by owner.....</b>	<b>500,000</b>	
<b>Net income.....</b>	<b>29,000</b>	<b>50,000</b>
		<b>55,000</b>
<b>Less: Withdrawals by owner.....</b>		<b>(25,000)</b>
<b>J. Sharp, Capital, December 31, 2011.....</b>		<b>580,000</b>