

Acme Company
Income Statement
For the Year Ended December 31, 2019

Revenue:

Gross Rentals	\$25,000.00
Gross Sales	\$5,000.00
Gross Labor	\$5,000.00
Net Revenue	\$35,000.00

Cost of Sales:

Sub-Rentals (Cost to rent gear from other companies if you are short)	\$250.00
Perishables (items included in a rental like lamps, only charged if used)	\$75.00
Sale item Costs (cost associated with buying the items you sold)	\$4,000.00
Labor COGS-Outside 1099 or temp	\$1,750.00
Cost of Goods Sold	\$6,075.00

Gross Profit (Loss)	\$28,925.00
	83%

SG&A Expenses:

Owner Labor	\$2,000.00
Office Labor	\$1,000.00
Payroll Taxes	\$180.00
Advertising	\$500.00
Bad Debts	\$250.00
Bank Charges	\$35.00
Charitable Contributions	\$0.00
Credit Card Fees	\$875.00
Delivery Expenses	\$0.00
Dues and Subscriptions	\$75.00
Insurance	\$1,000.00
Maintenance	\$0.00
Miscellaneous	\$0.00
Office Expenses	\$125.00
Operating Supplies	\$0.00
Permits and Licenses	\$0.00
Postage	\$200.00
Professional Fees	\$0.00
Rent	\$5,250.00
Repairs	\$0.00
Telephone	\$79.99
Travel	\$500.00
Utilities	\$500.00
Vehicle Expenses	\$1,000.00
Total Expenses	\$13,569.99

Net Operating Income	\$15,355.01
	44%

Taxes & Depreciation:

Taxes	\$1,500.00
Depreciation	\$2,500.00
Gain (Loss) on Sale of Assets	\$0.00
Interest Income	\$0.00
Total Taxes & Depreciation	\$4,000.00

Net Income (Loss)	\$11,355.01
	32%

Acme Company
Balance Sheet
12/31/2019

Assets

Current Assets:

Cash		\$25,000	
Accounts Receivable	\$10,000		
Less: Reserve for Bad Debts	<u>1,000</u>	9,000	
Merchandise Inventory		25,000	
Prepaid Expenses		7,200	
Notes Receivable		<u>0</u>	
Total Current Assets			\$66,200

Fixed Assets:

Vehicles	35,000		
Less: Accumulated Depreciation	<u>5,000</u>	30,000	
Furniture and Fixtures	5,000		
Less: Accumulated Depreciation	<u>5,000</u>	0	
Equipment	10,000		
Less: Accumulated Depreciation	<u>5,000</u>	5,000	
Buildings	0		
Less: Accumulated Depreciation	<u>0</u>	0	
Land		<u>0</u>	
Total Fixed Assets			35,000

Other Assets:

Goodwill		<u>0</u>	
Total Other Assets			<u>0</u>

Total Assets			<u><u>\$101,200</u></u>
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Liabilities and Capital

Current Liabilities:

Accounts Payable		\$15,000	
Sales Taxes Payable		2,000	
Payroll Taxes Payable		2,000	
Accrued Wages Payable		7,000	
Unearned Revenues		0	
Short-Term Notes Payable		0	
Short-Term Bank Loan Payable		<u>10,000</u>	
Total Current Liabilities			\$36,000

Long-Term Liabilities:

Long-Term Notes Payable		50,000	
Mortgage Payable		<u>0</u>	
Total Long-Term Liabilities			<u>50,000</u>

Total Liabilities			86,000
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Capital:

Owner's Equity		10,613	
Net Profit		<u>4,587</u>	
Total Capital			<u>15,200</u>

Total Liabilities and Capital			<u><u>\$101,200</u></u>
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When comparing the income statements vs. balance sheets, the balance sheet shows summary totals, not revenues and expenses; however, it does show current assets such as cash in bank, receivables, and fixed assets such as land, buildings, equipment, and vehicles to determine your total assets, less depreciation at the end of an accounting period.

An Income statement is a financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal quarter or year.

It's called a balance sheet because the two sides balance out. This makes sense: a company has to pay for all the things it has (assets) by either borrowing money (liabilities) or getting it from shareholders (shareholders' equity).

Income Statement Accounts:

Summary description:

Gross Revenue	These all refer to the total dollar amount of sales of goods and services billed to a customer
Cost of Sales	cost of goods (or products) sold (COGS), and cost of services
Gross Profit ©	represents the difference between gross revenue (A) and the cost of sales (B). $(A-B=C)$
Selling, General and Administrative Expenses	Often referred to as SG&A, these accounts comprise a company's operational expenses. The cost to run the business regardless of volume of revenue.
Operating Income	Deducting SG&A from a company's gross profit produces operating income. This figure represents a company's earnings from its normal operations before any costs such as interest expense, taxes and special items.
Net Income	This is the bottom line, which is the most commonly used indicator of a company's profitability.

Balance Sheet Accounts:**Summary description:**

<i>Current Assets</i>	Current assets have a life span of one year or less, meaning they can be converted easily into cash. Such assets classes include cash and cash equivalents, accounts receivable and inventory
<i>Non-Current Assets (Fixed Assets)</i>	Non-current assets are assets that are not turned into cash easily, are expected to be turned into cash within a year and/or have a lifespan of more than a year. They can refer to tangible assets such as machinery, computers, buildings and land. Non-current assets also can be intangible assets, such as goodwill, patents or copyright. Depreciation is calculated and deducted from most of these assets, which represents the economic cost of the asset over its useful life
Current liabilities	the company's liabilities that will come due, or must be paid, within one year. This includes both shorter-term borrowings, such as accounts payables, along with the current portion of longer-term borrowing, such as the latest interest payment on a 10-year loan.
Long Term Liabilities	debts and other non-debt financial obligations, which are due after a period of at least one year from the date of the balance sheet.
Shareholders' Equity	Shareholders' equity is the initial amount of money invested into a business. If, at the end of the fiscal year, a company decides to reinvest its net earnings into the company (after taxes), these retained earnings will be transferred from the income statement onto the balance sheet and into the shareholder's equity account. This account represents a company's total net worth