

## ACC421

The following are general ledger balances of the RTQ Company as of December 31, 2013:

Cost of Goods Sold	\$585,000
Fair Market Value Appreciation on Land above Cost	\$42,000
Cash Dividends Declared and Paid	\$32,000
Rental Revenue	\$32,000
Administrative Salaries	\$86,000
Sales Salaries	\$92,000
Sales Supplies Expense	\$22,000
Interest Expense on Notes Payable	\$50,000
Depreciation Expense on Sales Related Assets	\$34,000
Depreciation Expense on Administrative Related Asse	\$46,000
Other Administrative Expense	\$22,000
Net Sales	\$1,078,000
Income Tax	\$42,000
Number of Common Shares Outstanding	49,000

The company ends its fiscal accounting year on December 31.

**A:** Prepare a multiple-step income statement in good form.

**RTQ Company**  
**Multiple-Step Income Statement**  
**For the Year Ended December 31, 2013**

Revenue:			
Net Sales	\$1,078,000		
Less: Cost of Goods Sold	\$585,000		
<b>Gross Profit</b>			<b>\$493,000</b>
Operating Expenses:			
Selling Expenses:			
Sales Salaries	\$92,000		
Sales Supplies Expense	\$22,000		
Depreciation Expense on Sales Related Assets	\$34,000	\$148,000	
Administrative Expenses:			
Administrative Salaries	\$86,000		
Other Administrative Expenses	\$22,000		
Depreciation Expense on Administrative Related Asset:	\$46,000	\$154,000	\$302,000
<b>Income from Operations</b>			<b>\$191,000</b>
Other Revenues & Gains:			
Rental Revenue			\$32,000
			<u>\$223,000</u>
Other Expenses & Losses:			
Interest Expense on Notes Payable			\$50,000
Income before Income Taxes			\$173,000
Income Tax			\$42,000
<b>Net Income</b>			<b><u>\$131,000</u></b>
Earnings per Share			\$2.67

**B)** Prepare a single-step income statement in good form.

**RTQ Company**  
**Single-Step Income Statement**  
**For the Year Ended December 31, 2013**

Revenues:	
Net Sales	\$1,078,000
Rental Revenue	\$32,000
Total Revenues	<u>\$1,110,000</u>
Expenses:	
Cost of Goods Sold	\$585,000

Selling Expenses	\$148,000
Administrative Expenses	\$154,000
Interest Expense	\$50,000
Total Expenses	\$937,000
Income before Income Tax	\$173,000
Income Tax	\$42,000
<b>Net Income</b>	<b><u>\$131,000</u></b>
Earnings per Share	\$2.67