

# Problem 3

Prepare Bologna’s income statement, statement of retained earnings, and balance sheet for the year ending December 31, 20X5. The following information is all that is available. Be sure to prepare proper headings and dates on each financial statement.

Capital stock	\$102,500
Wage expense	92,500
Revenue	225,000
Cash	22,500
Utilities expense	15,000
Beginning retained earnings	7,500
Rent expense	25,000
Accounts payable	10,000
Equipment	200,000
Dividends	12,500
Accounts receivable	47,500
Notes payable	50,000

## Worksheet 3

<b>BOLOGNA COMPANY</b>	
<b>Income Statement</b>	
<b>Revenues</b>	
Services to customers	
<b>Expenses</b>	

BOLOGNA COMPANY	
Ending retained earnings	

<b>Assets</b>	
Total assets	
<b>Liabilities</b>	
Total liabilities	
<b>Stockholders' equity</b>	
Total stockholders' equity	
Total liabilities and equity	

Solution 3

BOLOGNA COMPANY			
Income Statement			
For the Year Ending December 31, 20X5			
<b>Revenues</b>			
Services to customers		\$	225,000
<b>Expenses</b>			
Wages	\$	92,500	
Utilities	\$	15,000	
Rent	\$	25,000	\$ 132,500
<b>Net income</b>			<b>\$ 92,500</b>

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**Month 16**  
I was a construction supervisor in the North Sea advising and helping foremen solve problems

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<b>BOLOGNA COMPANY</b>	
<b>Statement of Retained Earnings</b>	
<b>For the Year Ending December 31, 20X5</b>	
Beginning retained earnings	\$ 27,500
Plus: Net income	\$ 92,500
	\$ 120,000
Less: Dividends	\$ 12,500
Ending retained earnings	\$ 107,500

<b>BOLOGNA COMPANY</b>	
<b>Balance Sheet</b>	
<b>December 31, 20X5</b>	
<b>Assets</b>	
Cash	\$ 22,500
Accounts receivable	\$ 47,500
Equipment	\$ 200,000
Total assets	\$ 270,000
<b>Liabilities</b>	
Accounts payable	\$ 10,000
Notes payable	\$ 50,000
Total liabilities	\$ 60,000
<b>Stockholders' equity</b>	
Capital stock	\$ 102,500
Retained earnings	\$ 107,500
Total stockholders' equity	\$ 210,000
Total liabilities and equity	\$ 270,000