



Marketing Virtual Learning

HS/Accounting I

Topic: Preparing a Statement of Owner's Equity

April 21, 2020

Lesson Topics - Preparing a Statement of Owner's Equity

Lesson Introduction:

Watch the [video](#) on how to prepare a statement of Owner's equity.

<https://youtu.be/xvxXhleAHDM>

The purpose of this statement is to bring the owner's equity (capital account) up to date at the end of a fiscal period.

Lesson Topics - Preparing a Statement of Owner's Equity

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Delgado Web Services
Statement of Owner's Equity
For Month Ended January 31, 20--

Michael Delgado, Capital, January 1						2	0	0	0	00
Net Income	3	1	6	2	00					
Less Michael Delgado, Drawing	1	1	5	0	00	2	0	1	2	00
Michael Delgado, Capital, January 31						4	0	1	2	00

1 Beginning Capital **1** Beginning Capital Amount
2 Net Income **3** Drawing **4** Difference **4** Single Line
5 Ending Capital **5** Double Line **5** Current Capital Amount

Lesson Topics - Preparing a Statement of Owner's Equity

1. Use the information on the next slide to prepare the statement of Owner's Equity
2. Use the 2nd tab on the google sheet from yesterday's lesson [click here for a google sheet](#), or use the PDF, or write it on paper in the proper format.
3. Note the heading should follow this format:
 - a. line 1 - name of the company
 - b. line 2 - Title "Income Statement"
 - c. line 3 - Date (For Month ended ...)

Forms are given in the *Recycling Problem Working Papers*. The following information is obtained from the work sheet of Destin Heating Repair for the month ended April 30 of the current year.

ACCOUNT TITLE	5		6		7		8	
	INCOME STATEMENT		BALANCE SHEET					
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT		
1 Cash			6 960 00					1
2 Petty Cash			1 50 00					2
3 Accounts Receivable—Jennifer Ford			1 96 00					3
4 Supplies			7 80 00					4
5 Prepaid Insurance			8 00 00					5
6 Accounts Payable—Coastal Supplies						1 112 00		6
7 Isabel Ybarra, Capital						9 336 00		7
8 Isabel Ybarra, Drawing			6 00 00					8
9 Income Summary								9
10 Sales		3 270 00						10
11 Advertising Expense	4 50 00							11
12 Cash Short and Over	2 00							12
13 Insurance Expense	1 56 00							13
14 Miscellaneous Expense	8 40 00							14
15 Rent Expense	5 00 00							15
16 Supplies Expense	1 40 00							16
17 Utilities Expense	1 64 00							17
18	4 232 00	3 270 00	9 486 00	10 448 00				18
19 Net Loss		9 62 00	9 62 00					19
20	4 232 00	4 232 00	10 448 00	10 448 00				20
21								21

Instructions:

1. Prepare an income statement for the month ended April 30 of the current year.
2. Calculate and record the ratios for total expenses and net loss. Place the percentage for net loss in parentheses to show that it is for a net loss. Round percentage calculations to the nearest 0.1%.