

Step 4: Prepare the Statement of Income, Statement of Stockholders' Equity, and Statement of Financial Position for Tabor Hill as of and for the month ended February 28, 2014.

Use the ending balances from the T-accounts on previous exercise to prepare (1) Statement of Comprehensive Income; (2) Statement of Stockholders' Equity; and (3) Statement of Financial Position for Tabor Hill as of and for the month ended February 28, 2014. (Ignore income tax expense.)

First, prepare Statement of Income

TABOR HILL DESIGNERS INC.
Statement of Income
 For the month ended February 28, 2014

Revenues:	
Design revenues	\$ 61,000
Expenses:	
Wages expenses	16,000
Utilities expenses	500
Telephone expenses	<u>250</u>
Total expenses	<u>16,750</u>
Pretax income	44,250
Less: Income tax expense	<u>-</u>
Net income	<u>\$ 44,250</u>

TABOR HILL DESIGNERS INC.
Statement of Stockholders' Equity
 For the month ended February 28, 2014

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, January 31, 2014	\$ 10,000	\$ 0	\$ 10,000
Net income		44,250	44,250
Dividend		<u>-</u>	<u>-</u>
Balance, February 28, 2014	<u>\$ 10,000</u>	<u>\$ 44,250</u>	<u>\$ 54,250</u>

Net income increases
Retained Earnings

These balances are then used
in the Statement of Financial Position.
[on the following page]

TABOR HILL DESIGNERS INC.
Statement of Financial Position
As of February 28, 2014

Assets

Current assets	
Cash	\$ 33,600
Accounts receivable	2,000
Supplies	900
Prepaid expenses	<u>12,000</u>
Total current assets	48,500
Property, plant and equipment	<u>21,000</u>
Total assets	<u>\$ 69,500</u>

Liabilities & Stockholders' Equity

Current liabilities	
Accounts payable	\$ 250
Notes payable	15,000
Unearned revenue	<u>-</u>
Total current liabilities	15,250
Stockholders' Equity	
Common stock	10,000
Retained earnings	<u>44,250</u>
Total stockholders' equity	54,250
Total liabilities & stockholders' equity	<u>\$ 69,500</u>

From Statement of
Stockholders' Equity {