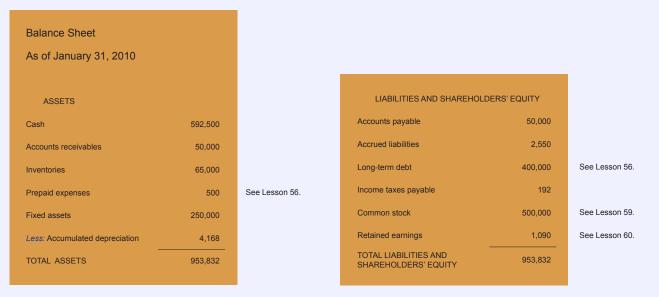## Generating the income statement and the balance sheet

Lesson 61

We finally arrive at the point wherein we can already generate the income statement and the balance sheet.
To generate the income statement, we refer to the Income Summary ledger of Lesson 59, which carries the figures of the income statement.

Income summary

	Debit	Credit	
		0	Beginning bal
(a)		50,000	
(b)	35,000		
(c)	5,000		
(d)	2,000		
(e)	2,000		
(f)	550		
(g)	4,168		
(h)	192		
(i)	1,090		
		0	Ending bal

Prior to closing entries:

from the Sales ledger ⇨
from the Cost of Goods Sold ledger ⇨
from the Salaries ledger ⇨
from the Rent ledger ⇨
from the Sales and marketing expenses ledger ⇨
from the Utilities ledger ⇨
from the Depreciation ledger ⇨
from the Income taxes ledger (Lesson 59) ⇨
from the Income Summary ledger (Lesson 59) ⇨

Income Statement

For the Month of January 2010

Sales		50,000
Less:	Cost of Goods Sold	35,000
	Salaries	5,000
	Rent	2,000
	Sales and marketing expenses	2,000
	Utilities	550
	Depreciation	4,168
	Income taxes	192
Net profit after tax		1,090

To generate the balance sheet, we simply get the ending balances of the balance sheet accounts, without forgetting the last two accounts that had entries (namely the Income taxes payable, and the Retained earnings).

Balance Sheet

As of January 31, 2010

ASSETS		
Cash	592,500	
Accounts receivables	50,000	
Inventories	65,000	
Prepaid expenses	500	See Lesson 56.
Fixed assets	250,000	
Less: Accumulated depreciation	4,168	
TOTAL ASSETS	953,832	

LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	50,000	
Accrued liabilities	2,550	
Long-term debt	400,000	See Lesson 56.
Income taxes payable	192	
Common stock	500,000	See Lesson 59.
Retained earnings	1,090	See Lesson 60.
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	953,832	

It has been quite a number of lessons before we reached the stage of the financial statements generation.
This is ends the first course of Finance At A Glance. We thank you for your continued patronage.

When we meet again, we shall have a new website that offers other finance courses. We also intend to reformat all of the lessons of the course that we have just concluded, with the hope of making them more reader-friendly.
We hope that you will visit our new web site, which we shall tell you about in the weeks to come.