

# Spreadsheet Guide

## Step-by-Step Instructions

### Problem 19-5 Preparing an Income Statement

#### Complete the Spreadsheet

- Step 1** Read the instructions for Problem 19-5 in your textbook. This problem involves preparing an income statement for Sunset Surfwear.
- Step 2** Launch the Spreadsheet Problem.

PROBLEM 19-5 PREPARING AN INCOME STATEMENT			
(name)			
(date)			
SUNSET SURFWEAR INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 20--			
Revenue:			
Sales		AMOUNT	
Less: Sales Discounts		AMOUNT	
Sales Returns & Allowances		AMOUNT	0.00
Net Sales			0.00
Cost of Merchandise Sold:			
Merchandise Inventory January 1		AMOUNT	
Purchases		AMOUNT	
Plus: Transportation In		AMOUNT	
Cost of Delivered Merchandise			0.00
Less: Purchases Discounts		AMOUNT	
Purchases Returns & Allowances		AMOUNT	0.00
Net Purchases			0.00
Cost of Merchandise Available			0.00
Merchandise Inventory December 31		AMOUNT	
Cost of Merchandise Sold			0.00
Gross Profit on Sales			0.00
Operating Expenses:			
Advertising Expense		AMOUNT	
Bankcard Fees Expense		AMOUNT	
Insurance Expense		AMOUNT	
Maintenance Expense		AMOUNT	
Miscellaneous Expense		AMOUNT	
Payroll Tax Expense		AMOUNT	
Rent Expense		AMOUNT	
Salaries Expense		AMOUNT	
Supplies Expense		AMOUNT	
Total Operating Expenses			0.00
Operating Income			0.00
Less: Federal Corporate Income Tax Expense			AMOUNT
Net Income			0.00

- Step 3** Type your name and today's date in the cells containing the *(name)* and *(date)* placeholders.
- Step 4** Using the data provided in the work sheet for Sunset Surfwear given in your working papers, type the income statement data into the spreadsheet template in the cells containing the AMOUNT placeholders. The spreadsheet template will automatically calculate the net sales, cost of merchandise sold, gross profit on sales, total operating expenses, operating income, and net income. Remember, it is not necessary to enter a comma or the decimal point and ending zeroes when entering the amounts.
- Step 5** Save the spreadsheet using the **Save** option from the **File** menu. You should accept the default location for the save, as this is handled by the Accounting Management System.
- Step 6** Print the completed spreadsheet.
- Step 7** Exit the spreadsheet program.
- Step 8** In the Close Options window, select the location where you would like to save your work.
- Step 9** Complete the Analyze activity.

*What-If Analysis*

If Sunset Surfwear's merchandise inventory on January 1 were \$100,000, what would the cost of merchandise sold be? What would net income be?

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