

Wintz lawn service,
inc



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Accounting Wintz Lawn Service, Inc. Statement of Retained Earnings Four Months Ended August 31, 20XX

| | |
|------------------------------------|----------|
| Retained earnings, May 20XX | \$ 0 |
| Add: Net income | 3,000 |
| 3,000 | |
| Dividends (500) | |
| Retained earnings, August 31, 20XX | \$ 2,500 |

Wintz Lawn Service, Inc. Balance Sheet August 31, 20XX

| ASSETS | LIABILITIES |
|--------|-------------|
|--------|-------------|

Current assets: Current: Cash \$2,000 Wages payable \$ 300 Accounts

receivable 750 Total current liabilities 300 Prepaid equipment rent 200

Supplies 50 Total current assets 3,000 Long-term: STOCKHOLDERS' EQUITY

Trailer \$ 300 Common stock 400 Acc. depr. (100) Retained earnings 2,500

200 Total stockholders' equity 2,900 Total assets \$3,200 Total liabilities and

stockholders' equity \$3,200

3) Yes, Kathy Wintz' summer work was mostly successful. She was able to make lots of sales and her expenses were only a little over half her revenue, which means that she made quite a substantial net profit. Wintz' biggest expense was salaries, but even then this was only one-third of the net income. Other expenses, such as rent, supplies, and repair expenses, only cost a small portion of the total expenses. For the Retained Earnings Statement, Wintz was able to make back more than double her initial investment. For a business that was only open for four months, this is very impressive. Wintz also paid out some dividends to shareholders, but there was still enough retained earnings left at the end of August that Wintz could return to college feeling satisfied with her summer's work. For the balance sheets, the assets column looks very healthy. Added to this is the fact that there are very few liabilities, which means that the business does not have any worries. For the total liabilities and owner's equity, most of this balance is contributed by owner's equity. Instead of dissolving the business, Wintz should consider selling it to someone else for a healthy profit. Otherwise, Wintz could just close down the business and

restart it next summer. After her initial successful experience, she should do even better a second time.