

Principles of Accounting I

Formatting Rules

Financial Statements – Chapter 1

Every financial statement should be labeled with a **three-line heading** which includes:

The name of the company

The name of the statement being prepared

The period of time or date for which the statement is being prepared

Sections such as Revenue, Assets, etc. should be **labeled**.

All **descriptions** and headings, including dates, should be **completely written out**. Do not abbreviate dates—instead of Dec write out December.

All amounts, including totals, **should have a description**.

Amounts at the top of each column should have **dollar signs**.

When amounts are added or subtracted, **single underscores** should be drawn.

Totals should be **double-underscored** and have **dollar signs**.

Do not include commas or decimal points for amounts when using accounting paper. It is acceptable to use these when preparing a financial statement in a spreadsheet.

Exercise – Correct the formatting on this financial statement. How many errors did you find?

Grover's of Sesame Street
Income Statement
For Month Ended Jan 31

Revenue:

Commissions Earned		51,000
Salary Expense	\$ 6,000	
Rent Expense	4,000	
Utilities Expense	1,600	
Advertising Expense	5,400	
		<u>17,000</u>
		34,000