

# Microsoft® **Excel for Accounting**

## Chapter 2: Financial Statements



**LABYRINTH**  
LEARNING™

# Learning Objectives

- After studying this chapter, you will be able to:
  - ▲ Create an income statement
  - ▲ Create a statement of owner's equity
  - ▲ Create a balance sheet
  - ▲ Alter columns, rows, and text alignment
  - ▲ Add, remove, and adjust worksheets

# Accounting Refresher: Financial Statements

- Financial statements are completed in the following order:
  - ▲ Income statement
  - ▲ Statement of owner's equity
  - ▲ Balance sheet
- All financial statements include a three-line header displaying the company name, financial statement name, and date.



# Income Statement

- An income statement displays elements of the following equation:

▲  $\text{Net Income} = \text{Revenues} - \text{Expenses}$

City Music World Income Statement For the Month Ended December 31, 2016	
Sales Revenue	\$ 42,000
Expenses:	
Rent Expense	\$ 12,000
Insurance Expense	\$ 4,900
Telephone Expense	\$ 3,100
Miscellaneous Expenses	\$ 2,600
Total Expenses	<u>\$ 22,600</u>
Net Income	<u><u>\$ 19,400</u></u>



# Statement of Owner's Equity

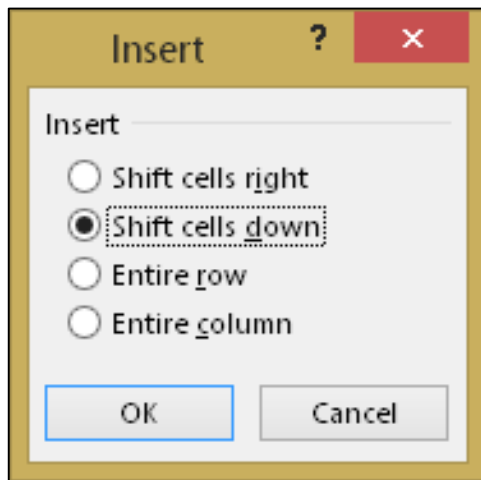
- This is a reconciliation that illustrates how the owner's equity balance changed from the beginning to the end of the period.
- The balance increases due to:
  - ▲ Net income (derived from the income statement)
  - ▲ Owner investments
- The balance decreases due to:
  - ▲ Net loss (derived from the income statement)
  - ▲ Owner withdrawals

# Balance Sheet

- This displays elements of the accounting equation.
- It must balance when completed.
- It includes an ending owner's equity balance (derived from the statement of owner's equity).

# Modifying Columns and Rows

- Columns and rows can be inserted and deleted.
- The user must indicate what will happen to surrounding cells when inserting columns or rows.



- Columns and rows can be hidden.
- Hidden cells retain content.



# Managing Worksheets

- Worksheet tabs are similar to tabs in a notebook.
- Tabs can be added or deleted.
- Tabs can be rearranged and their color can be changed.





# Changing Vertical Alignment and Rotating Text

- Entries can be vertically aligned within a cell in three ways:
  - ▲ Top
  - ▲ Middle
  - ▲ Bottom
- Entries can be rotated, and the row height will increase to accommodate the text.

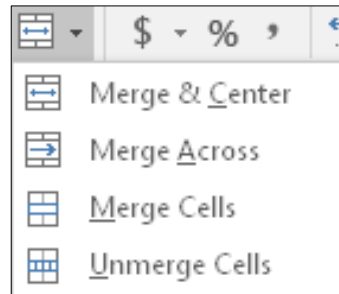


# Using Alignment and Indent Options

- Entries can be horizontally aligned within a cell in three ways:
  - ▲ Left
  - ▲ Center
  - ▲ Right
- Entries can be indented from the left of the cell (if left-aligned) or from the right of the cell (if right-aligned)

# Using Text Control Options

- Wrap Text ensures that text does not extend beyond the borders of a cell.
  - ▲ Column width and row height may require adjustment when Wrap Text is applied.
- Line breaks manually move text to a second line within the same cell.
- Cells can be merged using multiple options.



# Applying Borders and Fills

- A wide variety of border options can be applied to cells.



- Fill colors can be added to cells.

