

B-05.10

Stober's Lawn Sprinkler Company sells irrigation equipment. Below is information necessary to prepare Stober's income statement for the year ending December 31, 20X7. Stober attributes 60% of the rent and utilities to selling functions, and the remainder to general and administrative activities. 70% of the salaries are devoted to sales.

Prepare an income statement in both the single-step and multiple-step formats.

Advertising expense	\$ 33,998
Cost of goods sold	466,773
Rent expense	144,000
Salaries expense	166,321
Net sales	972,299
Income tax expense	30,000
Utilities expense	26,997
Interest expense	18,500