

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every sale, purchase, and expense must be properly documented to ensure the integrity of the financial statements. This includes keeping receipts, invoices, and bank statements in a secure and organized manner.

Additionally, the document highlights the need for regular reconciliation of accounts. By comparing the company's internal records with bank statements and other external sources, discrepancies can be identified and corrected promptly. This process helps to prevent errors and ensures that the financial data is up-to-date and reliable.

The second part of the document focuses on the classification of expenses. It provides a detailed breakdown of various cost categories, such as salaries, rent, utilities, and marketing. Each category is defined with specific criteria to ensure consistency in reporting. This classification is essential for analyzing the company's cost structure and identifying areas for potential savings.

Account Name	Debit	Credit	Balance
Accounts Payable		1,200.00	1,200.00
Accounts Receivable	2,500.00		2,500.00
Inventory	500.00		500.00
Prepaid Insurance	300.00		300.00
Property, Plant, and Equipment	10,000.00		10,000.00
Accumulated Depreciation		2,000.00	2,000.00
Equity		10,000.00	10,000.00
Retained Earnings		5,000.00	5,000.00
Dividends	1,000.00		1,000.00
Expenses	1,500.00		1,500.00
Salaries	800.00		800.00
Rent	200.00		200.00
Utilities	100.00		100.00
Marketing	400.00		400.00
Depreciation	200.00		200.00
Income Tax	100.00		100.00
Revenue		15,000.00	15,000.00
Net Income		3,500.00	3,500.00
Total	15,000.00	15,000.00	

## Financial Summary

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The financial summary provides a comprehensive overview of the company's performance over the reporting period. It shows that total revenue reached \$15,000, resulting in a net income of \$3,500. This net income was distributed as dividends of \$1,000 and retained earnings of \$2,500. The retained earnings are added to the existing equity, which stands at \$10,000.

The summary also details the company's expenses, totaling \$1,500. These include salaries of \$800, rent of \$200, utilities of \$100, marketing of \$400, and depreciation of \$200. The income tax expense of \$100 is also noted. The overall financial position remains strong, with a clear focus on managing costs and maximizing profitability.