

ABC Corporation

Multi-Step Retained Earnings Statement For the Year Ended December 31, 20XX

Retained Earnings, Beginning of Year	\$120,000
Add: Net Income	
Revenue	\$200,000
Less: Cost of Goods Sold	(\$120,000)
Gross Profit	\$80,000
Less: Operating Expenses	(\$35,000)
Net Income	\$45,000
Subtotal	\$165,000
Less: Dividends Declared	(\$15,000)
Retained Earnings, End of Year	\$150,000

Important Notes

- The multi-step retained earnings statement details the calculation of retained earnings by including net income breakdown.
- It provides more transparency by separately showing revenues, expenses, and dividends.
- This format is especially useful for companies seeking to provide more detail to stakeholders.
- Accurate preparation of this statement is essential for financial analysis and reporting compliance.
- Adjust the format as needed to meet specific accounting standards or organizational requirements.