

**Gather Financial Data:**

- Obtain the company's balance sheet from the beginning and end of the accounting period.
- Retrieve the income statement for the same period.

**Review Previous Retained Earnings:**

- Check the ending retained earnings balance from the previous accounting period. This serves as the starting point for the current period.

**Calculate Net Income or Net Loss:**

- Subtract total expenses from total revenues on the income statement to calculate net income.
- If the expenses exceed revenues, it results in a net loss.

**Adjust for Dividends:**

- Deduct any dividends declared and paid to shareholders during the period. This reduces retained earnings.

**Calculate Retained Earnings:**

- Starting with the beginning retained earnings balance,
- Add net income or subtract the net loss from step 3.
- Subtract dividends from step 4.
- The resulting figure is the ending retained earnings balance.

**Verify Accuracy:**

- Double-check calculations to ensure accuracy.
- Verify that all relevant financial data has been considered.

**Prepare the Statement:**

- Create a retained earnings statement format.
- Include the company name and the statement title (e.g., "Retained Earnings Statement").
- List the beginning retained earnings balance.
- Indicate net income or net loss for the period.
- Subtract dividends declared and paid during the period.

- Calculate the ending retained earnings balance.

**Present the Statement:**

- Insert the calculated figures into the prepared statement format.
- Ensure clarity and readability.
- Include any necessary notes or disclosures to explain significant changes or events affecting retained earnings.

**Review for Compliance and Consistency:**

- Ensure the retained earnings statement complies with accounting standards and regulations.
- Verify consistency with other financial statements, such as the balance sheet and income statement.

**Finalize and Distribute:**

- Once verified and approved, finalize the retained earnings statement.
- Distribute the statement along with other financial reports to relevant stakeholders, such as investors, management, and regulatory authorities.

**Document:**

- Keep records of the prepared retained earnings statement for future reference and auditing purposes.

**Periodic Review:**

- Regularly review and update the retained earnings statement at the end of each accounting period to reflect the company's financial performance accurately.