## ACCT 350 Midterm Examination X

### Part I.

| | Assets | Liabilities | Net Income |
|---|---|---|---|
| 1. | O | O | N |
| 2. | O | N | N |
| 3. | U | U | U |
| 4. | U | N | U |
| 5. | U | U | U |
| 6. | N | O | U |
| 7. | O | O | U |
| 8. | O | O | N |
| 9. | O | N | O |
| 10. | O | O | U |

### Part II.

Sales = $160,000 – 8,000 + 6,000 = $158,000
Purchases = $60,000 – 12,000 = $48,000
Salaries Expense = $40,000 – 2,000 = $38,000
Cash (ending) = $6,000 + 160,000 – 132,000 = $34,000
Supplies Expense = $6,000 – 2,000 = $4,000
Retained Earnings = $6,000 + 32,000 – 2,000 = $36,000

Alpha, Inc.
Income Statement
For the year ended December 31, 2019

[REMEMBER to include a detailed and complete formal section for cost of goods sold or you will lose points.]

| | | |
|---|---|---|
| Sales | | $158,000 |
| | | |
| Beginning inventory | $26,000 | |
| Purchases | 48,000 | |
| Cost of goods available for sale | $74,000 | |
| Less: Ending inventory | 24,000 | |
| Cost of goods sold | | 50,000 |
| | | |
| Gross profit | | $108,000 |
| | | |
| Operating expenses: | | |
| Salaries expense | $38,000 | |
| Supplies expense | 4,000 | |
| Depreciation expense | 6,000 | |
| Other operating expenses | 20,000 | |
| Total operating expenses | | 68,000 |
| Income before income taxes | | $ 40,000 |
| Income tax expense | | 8,000 |
| Net income | | $ 32,000 |

Alpha, Inc.
Balance Sheet
December 31, 2019

| | | |
|---|---|---|
| Cash | | $34,000 |
| Accounts receivable | | 6,000 |
| Supplies | | 4,000 |
| Inventory | | 24,000 |
| Equipment | $30,000 | |
| Less: Accumulated depreciation | 12,000 | 18,000 |
| Total assets | | $86,000 |
| | | |
| Accounts payable | | $12,000 |
| Salaries payable | | 8,000 |
| Unearned sales revenue | | 2,000 |
| Income tax payable | | 8,000 |
| Total liabilities | | $30,000 |
| | | |
| Common stock | | $20,000 |
| Retained earnings | | 36,000 |
| Total stockholders' equity | | $56,000 |
| | | |
| Total liabilities and stockholders' equity | | $86,000 |

## Part III.

1. A
2. C
3. D