ACCT 350 Midterm Examination X

Part I.

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

Part II.

Sales = $324,000 – 4,000 – 10,000 = $310,000
Purchases = $160,000 + 8,000 = $168,000
Salaries Expense = $100,000 + 6,000 = $106,000
Cash (ending) = $8,000 + 324,000 – 300,000 = $32,000
Supplies Expense = $12,000 – 4,000 = $8,000
Retained Earnings = $18,000 + 8,000 – 4,000 = $22,000

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		$310,000
Beginning inventory	$ 30,000	
Purchases	168,000	
Cost of goods available for sale	$198,000	
Less: Ending inventory	40,000	
Cost of goods sold		158,000
Gross profit		$152,000
Operating expenses:		
Salaries expense	$106,000	
Supplies expense	8,000	
Depreciation expense	12,000	
Other operating expenses	16,000	
Total operating expenses		142,000
Income before income taxes		$ 10,000
Income tax expense		2,000
Net income		$ 8,000

Alpha, Inc.
Balance Sheet
December 31, 2019

Cash		$32,000
Accounts receivable		16,000
Supplies		8,000
Inventory		40,000
Equipment	$60,000	
Less: Accumulated depreciation	24,000	36,000
Total assets		$132,000
Accounts payable		$44,000
Salaries payable		20,000
Unearned sales revenue		6,000
Income tax payable		2,000
Total liabilities		$72,000
Common stock		$38,000
Retained earnings		22,000
Total stockholders' equity		$60,000
Total liabilities and stockholders' equity		$132,000

Part III.

1. B
2. C
3. D