ACCT 350 Midterm Examination Y

Part I.

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

Part II.

Sales = $240,000 – 12,000 + 9,000 = $237,000
Purchases = $90,000 – 18,000 = $72,000
Salaries Expense = $60,000 – 3,000 = $57,000
Cash (ending) = $9,000 + 240,000 – 198,000 = $51,000
Supplies Expense = $9,000 – 3,000 = $6,000
Retained Earnings = $9,000 + 48,000 – 3,000 = $54,000

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		$237,000
Beginning inventory	$39,000	
Purchases	72,000	
Cost of goods available for sale	$111,000	
Less: Ending inventory	36,000	
Cost of goods sold		75,000
Gross profit		$162,000
Operating expenses:		
Salaries expense	$57,000	
Supplies expense	6,000	
Depreciation expense	9,000	
Other operating expenses	30,000	
Total operating expenses		102,000
Income before income taxes		$ 60,000
Income tax expense		12,000
Net income		$ 48,000

Alpha, Inc.
Balance Sheet
December 31, 2019

Cash		$ 51,000
Accounts receivable		9,000
Supplies		6,000
Inventory		36,000
Equipment	$45,000	
Less: Accumulated depreciation	18,000	27,000
Total assets		$129,000
Accounts payable		$ 18,000
Salaries payable		12,000
Unearned sales revenue		3,000
Income tax payable		12,000
Total liabilities		$ 45,000
Common stock		$ 30,000
Retained earnings		54,000
Total stockholders' equity		$ 84,000
Total liabilities and stockholders' equity		$129,000

Part III.

1. C
2. A
3. C