ACCT 350 Midterm Examination Y

Part I.

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

Part II.

Sales = $162,000 – 2,000 – 5,000 = $155,000
Purchases = $80,000 + 4,000 = $84,000
Salaries Expense = $50,000 + 3,000 = $53,000
Cash (ending) = $4,000 + 162,000 – 150,000 = $16,000
Supplies Expense = $6,000 – 2,000 = $4,000
Retained Earnings = $9,000 + 4,000 – 2,000 = $11,000

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		$155,000
Beginning inventory	$15,000	
Purchases	84,000	
Cost of goods available for sale	$99,000	
Less: Ending inventory	20,000	
Cost of goods sold		79,000
Gross profit		$ 76,000
Operating expenses:		
Salaries expense	$53,000	
Supplies expense	4,000	
Depreciation expense	6,000	
Other operating expenses	8,000	
Total operating expenses		71,000
Income before income taxes		$ 5,000
Income tax expense		1,000
Net income		$ 4,000

Alpha, Inc.
Balance Sheet
December 31, 2019

Cash		$16,000
Accounts receivable		8,000
Supplies		4,000
Inventory		20,000
Equipment	$30,000	
Less: Accumulated depreciation	12,000	18,000
Total assets		$66,000
Accounts payable		$22,000
Salaries payable		10,000
Unearned sales revenue		3,000
Income tax payable		1,000
Total liabilities		$36,000
Common stock		$19,000
Retained earnings		11,000
Total stockholders' equity		$30,000
Total liabilities and stockholders' equity		$66,000

Part III.

1. C
2. A
3. B