ACCT 350 Midterm Examination Z

Part I.

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

Part II.

Sales = $320,000 – 16,000 + 12,000 = $316,000
Purchases = $120,000 – 24,000 = $96,000
Salaries Expense = $80,000 – 4,000 = $76,000
Cash (ending) = $12,000 + 320,000 – 264,000 = $68,000
Supplies Expense = $12,000 – 4,000 = $8,000
Retained Earnings = $12,000 + 64,000 – 4,000 = $72,000

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

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

Sales		$316,000
Beginning inventory	$52,000	
Purchases	96,000	
Cost of goods available for sale	$148,000	
Less: Ending inventory	48,000	
Cost of goods sold		100,000
Gross profit		$216,000
Operating expenses:		
Salaries expense	$76,000	
Supplies expense	8,000	
Depreciation expense	12,000	
Other operating expenses	40,000	
Total operating expenses		136,000
Income before income taxes		$ 80,000
Income tax expense		16,000
Net income		$ 64,000

Alpha, Inc.
Balance Sheet
December 31, 2019

Cash		$ 68,000
Accounts receivable		12,000
Supplies		8,000
Inventory		48,000
Equipment	$60,000	
Less: Accumulated depreciation	24,000	36,000
Total assets		$172,000
Accounts payable		$ 24,000
Salaries payable		16,000
Unearned sales revenue		4,000
Income tax payable		16,000
Total liabilities		$ 60,000
Common stock		$ 40,000
Retained earnings		72,000
Total stockholders' equity		$112,000
Total liabilities and stockholders' equity		$172,000

Part III.

1. D
2. D
3. B