ACCT 350 Midterm Examination Z

Part I.

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

Part II.

Sales = \$243,000 – 3,000 – 8,000 = \$232,000
Purchases = \$120,000 + 6,000 = \$126,000
Salaries Expense = \$75,000 + 5,000 = \$80,000
Cash (ending) = \$6,000 + 243,000 – 225,000 = \$24,000
Supplies Expense = \$9,000 – 3,000 = \$6,000
Retained Earnings = \$13,000 + 6,000 – 3,000 = \$16,000

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		$232,000
Beginning inventory	$ 21,000	
Purchases	126,000	
Cost of goods available for sale	$147,000	
Less: Ending inventory	30,000	
Cost of goods sold		117,000
Gross profit		$115,000
Operating expenses:		
Salaries expense	$ 80,000	
Supplies expense	6,000	
Depreciation expense	9,000	
Other operating expenses	12,000	
Total operating expenses		107,000
Income before income taxes		$ 8,000
Income tax expense		2,000
Net income		$ 6,000

Alpha, Inc.
Balance Sheet
December 31, 2019

Cash		$24,000
Accounts receivable		12,000
Supplies		6,000
Inventory		30,000
Equipment	$45,000	
Less: Accumulated depreciation	18,000	27,000
Total assets		$99,000
Accounts payable		$33,000
Salaries payable		15,000
Unearned sales revenue		5,000
Income tax payable		2,000
Total liabilities		$55,000
Common stock		$28,000
Retained earnings		16,000
Total stockholders' equity		$44,000
Total liabilities and stockholders' equity		$99,000

Part III.

1. D

2. B

3. A