ACCT 350 Midterm 1X Solutions

Part I.

1.

Sales	174,000	
Purchase R&A	4,000	
Inventory	8,000	
Income Summary		186,000

2.

Income Summary	180,000	
Sales Discounts		2,000
Purchases		80,000
Rent Expense		16,000
Salaries Expense		50,000
Depreciation Expense		10,000
Income Tax Expense		2,000
Inventory (or net 12,000)		20,000

3.

Income Summary	6,000	
Retained Earnings		6,000

4.

Retained Earnings	4,000	
Dividends		4,000

Part II.

1.

Accounts Receivable	30,000	
Sales		30,000
Cost of Goods Sold	24,000	
Inventory		24,000

2.

No Journal Entry

3.

$$\frac{(\$6,000 + 30,000)}{(\$10,000 + 7,000 + 5,000 + 2,000)} = 1.50 \text{ Quick Ratio}$$

$$\frac{(\$6,000 + 30,000 + 8,000 + 4,000)}{(\$10,000 + 7,000 + 5,000 + 2,000)} = 2.00 \text{ Current Ratio}$$

Part III.

1. C.

CGS = 6+10-4=12
80% of net sales=CGS
Net sales=CGS/80%
Net sales=12/80%=$15 million

2. B.

3. D.

Net Sales=8,000-800-200=7,000
Gross profit=700+200+2,400=3,300
CGS=7,000-3,300=3,700
BI+(3,400-300-100)-800=3,700
BI=$1,500

4. D.

5. A.

Part IV.

1.	+300	+300	
2.	+800 +800	+800 +800	
3.	+600 -900	+600 -900	Or -300 and -300
4.	+400 -400		Or +800 +400 -800 -400
5.	+1,000 -1,000	+300 -300	Or +1,000 +700 -1,000 -700
6.	+900 +600	+900 +600	
7.	+1,200 +1,200	+1,200 +1,200	
8.	-600	-600	
9.	+500 -500	+500 -500	
10.	+1,400	-1,400	
	$83,200	$83,200	