ACCT 350 Midterm 1Y Solutions

Part I.

1.

Sales	87,000	
Purchase R&A	2,000	
Inventory	4,000	
Income Summary		93,000

2.

Income Summary	90,000	
Sales Discounts		1,000
Purchases		40,000
Rent Expense		8,000
Salaries Expense		25,000
Depreciation Expense		5,000
Income Tax Expense		1,000
Inventory (or net 6,000)		10,000

3.

Income Summary	3,000	
Retained Earnings		3,000

4.

Retained Earnings	2,000	
Dividends		2,000

Part II.

1.

$$\frac{(\$3,000 + 15,000)}{(\$5,000 + 4,000 + 2,000 + 1,000)} = 1.50 \text{ Quick Ratio}$$

$$\frac{(\$3,000 + 15,000 + 4,000 + 2,000)}{(\$5,000 + 4,000 + 2,000 + 1,000)} = 2.00 \text{ Current Ratio}$$

2.

Accounts Receivable	16,000	
Sales		16,000
Cost of Goods Sold	12,000	
Inventory		12,000

3.

No Journal Entry

Part III.

1. D.

2. A.

Net Sales=6,000-800-200=5,000
Gross profit=600+200+2,600=3,400
CGS=5,000-3,400=1,600
BI+(1,800-300-100)-400=1,600
BI=$600

3. C.

4. D.

5. B.

CGS = 8+12-6=14
80% of net sales=CGS
Net sales=CGS/70%
Net sales=14/70%=$20 million

Part IV.

1.	+600 -600	+600 -600	
2.	-800	-800	
3.	+500 -500		Or +1,000 -1,000 +500 -500
4.	+400	+400	
5.	+800 +500	+800 +500	
6.	+900 +900	+900 +900	
7.	+900 -600	+900 -600	Or +300 and +300
8.	+1,100	-1,100	
9.	+700 +700	+700 +700	
10.	+1,200 -1,200	+400 -400	Or +1,200 -1,200 +800 -800
	$83,200	$83,200	