ACCT 350 Midterm 1Z Solutions

Part I.

1.

Sales	132,000	
Purchase R&A	3,000	
Inventory	6,000	
Income Summary		141,000

2.

Income Summary	141,000	
Sales Discounts		3,000
Purchases		60,000
Rent Expense		12,000
Salaries Expense		39,000
Depreciation Expense		9,000
Income Tax Expense		3,000
Inventory (or net 9,000)		15,000

3.

Income Summary	0	
Retained Earnings		0

4.

Retained Earnings	3,000	
Dividends		3,000

Part II.

1. No Journal Entry

2.

$$\frac{(\$6,000 + 24,000)}{(\$8,000 + 6,000 + 3,000 + 3,000)} = 1.50 \text{ Quick Ratio}$$

$$\frac{(\$6,000 + 24,000 + 6,000 + 4,000)}{(\$8,000 + 6,000 + 3,000 + 3,000)} = 2.00 \text{ Current Ratio}$$

3.

Accounts Receivable	20,000	
Sales		20,000
Cost of Goods Sold	16,000	
Inventory		16,000

Part III.

1. A.

2. B.

Net Sales=7,000-800-200=6,000 Gross profit=700+200+2,200=3,100 CGS=6,000-3,100=2,900 BI+(2,500-300-100)-500=2,900 BI=$1,300

3. C.

4. B.

5. D.

CGS=4+6-3=7 70% of net sales=CGS Net sales=CGS/70% Net sales=7/70%=$10 million

Part IV.

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