ACCT 350 Midterm 1X Solutions

Part I.

1.

Sales	154,000	
Purchase R&A	2,000	
Inventory	20,000	
Income Summary		176,000

2.

Income Summary	171,000	
Sales Discounts		4,000
Purchases		60,000
Rent Expense		18,000
Salaries Expense		48,000
Depreciation Expense		10,000
Income Tax Expense		1,000
Inventory (or net 10,000)		30,000

3.

Income Summary	5,000	
Retained Earnings		5,000

4.

Retained Earnings	2,000	
Dividends		2,000

Part II.

1.

Accounts Receivable	20,000	
Sales		20,000
Cost of Goods Sold	14,000	
Inventory		14,000

2.

No Journal Entry

3.

Equipment	70,000	
Notes Payable		60,000
Cash		10,000
Depreciation Expense	5,000	
Accum. Depreciation		5,000
Interest Expense	1,800	
Interest Payable		1,800

Part III.

1. B.

CGS = 15x80%=12 BI+8-2=12 BI=12-8+2= $6 million

2. A.

3. C.

Net Sales=80-8-2=70 CGS=16+**34**-3-1-8=38 NI=70-38-24-2=6

4. E.

Part IV.

1.	+1,000 +300 -300	+1,000
2.	+1,000 +600	+1,000 +600
3.	+2,000 -2,000 +2,000	+2,000
4.	+1,300 -1.300	+1,300 -1,300 +867 -867
5.	+1,000 +200	+1,000 +200
6.	+800	+800 +300 -300
7.	+1,500	+1,500
8.	+200	+200
9.	+8,000	+8,000
10.	-1,300	+1,300
	$94,800	$94,800