ACCT 350 Midterm 1Y Solutions

Part I.

1.

Sales	82,000	
Purchase R&A	1,000	
Inventory	10,000	
Income Summary		93,000

2.

Income Summary	86,000	
Sales Discounts		2,000
Purchases		30,000
Rent Expense		9,000
Salaries Expense		24,000
Depreciation Expense		5,000
Income Tax Expense		1,000
Inventory (or net 5,000)		15,000

3.

Income Summary	7,000	
Retained Earnings		7,000

4.

Retained Earnings	1,000	
Dividends		1,000

Part II.

1.

Accounts Receivable	10,000	
Sales		10,000
Cost of Goods Sold	7,000	
Inventory		7,000

2.

No Journal Entry

3.

Equipment	35,000	
Notes Payable		30,000
Cash		5,000
Depreciation Expense	2,500	
Accum. Depreciation		2,500
Interest Expense	900	
Interest Payable		900

Part III.

1. D.

CGS = 8x75%=6
BI+4-2=6
BI=6-4+2= $4 million

2. C.

3. E.

4. B.

Net Sales=40-4-1=35
CGS=8+**17**-.5-1.5-4=19
NI=35-19-12-1=3

Part IV.

1.	-1,800	+1,800
2.	+1,000	+1,000 +400 -400
3.	+4,000	+4,000
4.	+400	+400
5.	+1,100	+1,100
6.	+3,000 -3,000 +3,000	+3,000
7.	+1,500 +500 -500	+1,500
8.	+2,000 +100	+2,000 +100
9.	+1,200 -1.200	+1,200 -1,200 +700 -700
10.	+900 +700	+900 +700
	$91,800	$91,800