Revised ACCT 350 Midterm 1Y Solutions

Part I.

1.

Sales	90,000	
Purchase Discounts	2,000	
Inventory	15,000	
Income Summary		107,000

2.

Income Summary	99,000	
Sales R&A		3,000
Purchases		35,000
Salaries Expense		30,000
Depreciation Expense		4,000
Income Tax Expense		2,000
Inventory (or net 10,000)		25,000

3.

Income Summary	8,000	
Retained Earnings		8,000

4.

Retained Earnings	2,000	
Dividends		2,000

Part II.

	Debits	Credits
	\$38,700	\$41,700
1.	+2,000	+2,000
	+300	+300
2.	+600	+600
	-600	-600
3.		-3,000
4.	-6,000	-6,000
	+1,000	
	-1,000	
5.	-4,000	-4,000
	\$31,000	\$31,000

Part III.

1.

Sales	4,000	
Unearned Sales Revenue		4,000

2.

Accounts Receivable	5,000	
Sales		5,000
Cost of Goods Sold	4,000	
Inventory		4,000

3.

Equipment	40,000	
Notes Payable		30,000
Cash		10,000
Depreciation Expense	3,000	
Accum. Depreciation		3,000
Interest Expense	600	
Interest Payable		600

4.

Supplies	1,000	
Supplies Expense		1,000

Part IV.

1.

CGS 24x75%=18
16+NP-8=18
NP=18-16+8= 10 million

2.

Purchase Order

Sales Invoice (or Purchase Invoice)

Receiving Report

3.

Sales Invoice

Purchase Order

Shipping Report

4.

(10+9+4+15)/(7+4+4+2)=2.24

(10+9)/(7+4+4+2)=1.12

5.

Sales 40-5=35
CGS 8+17-2-4=19
NI 35-19-12-1=3