ACCT 350 Midterm 1Z Solutions

Part I.

1.

Sales	106,000	
Purchase R&A	1,000	
Inventory	8,000	
Income Summary		115,000

2.

Income Summary	109,000	
Sales Discounts		1,000
Purchases		40,000
Rent Expense		10,000
Salaries Expense		36,000
Depreciation Expense		6,000
Income Tax Expense		1,000
Inventory (or net 7,000)		15,000

3.

Income Summary	6,000	
Retained Earnings		6,000

4.

Retained Earnings	3,000	
Dividends		3,000

Part II.

1.

Accounts Receivable	15,000	
Sales		15,000
Cost of Goods Sold	12,000	
Inventory		12,000

2.

Equipment	50,000	
Notes Payable		40,000
Cash		10,000
Depreciation Expense	3,000	
Accum. Depreciation		3,000
Interest Expense	1,000	
Interest Payable		1,000

3.

No Journal Entry

Part III.

1. B.

Net Sales=60-3-1=56 CGS=12+**31**-2-1-6=34 NI=56-34-18-1=3

2. C.

CGS = 12x75%=9 BI+7-3=9 BI=9-7+3= $5 million

3. E.

4. D.

Part IV.

1.	+300	+300
2.	+3,000 +100	+3,000 +100
3.	-1,500	+1,500
4.	+4,000	+4,000
5.	+1,400 -1.400	+1400 -1,400 +700 -700
6.	+1,200 +400 -400	+1,200
7.	+800 +500	+800 +500
8.	+1,300	+1,300
9.	+1,000 -1,000 +1,000	+1,000
10.	+1,200	+1,200 +500 -500
	$92,100	$92,100