

BRIEF EXERCISE BE 5-12

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PERIODIC

McNeal Company (seller)

| | <u>Acct Titles</u> | <u>Debit</u> | <u>Credit</u> |
|-----|--------------------|--------------|---------------|
| 3/2 | Accts Rec | 900,000 | |
| | Sales | | 900,000 |
| | | | |
| 6 | Sales R & A | 130,000 | |
| | Accts Rec | | 130,000 |
| | | | |
| 12 | Cash | 754,600 | |
| | Sales Disc | 15,400 | |
| | Accts Rec | | 770,000 |

Jerel Company (buyer)

| | <u>Acct Titles</u> | <u>Debit</u> | <u>Credit</u> |
|-----|--------------------|--------------|---------------|
| 3/2 | Purchases | 900,000 | |
| | Accts Pay | | 900,000 |
| | | | |
| 6 | Accts Payable | 130,000 | |
| | Pur R & A | | 130,000 |
| | | | |
| 12 | Accts Payable | 770,000 | |
| | Pur Disc | | 15,400 |
| | Cash | | 754,600 |

BRIEF EXERCISE BE5-10 and BRIEF EXERCISE BE5-11
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*From the information in the exercises, prepare an
Income Statement through gross profit.*

Byars Company
Income Statement

For the Period Ended Some Month, xxxx

| | | |
|---|------------------|------------------|
| Net Sales | | \$730,000 |
| Cost of Goods Sold: | | |
| Beginning Inventory | | \$ 60,000 |
| Purchases | \$450,000 | |
| Less: Pur Ret & Allow \$13,000 | | |
| Pur Discounts 8,000 | 21,000 | |
| Net Purchases | \$429,000 | |
| Add: Freight-In | 16,000 | |
| Cost of Goods Purchased | 445,000 | |
| Cost of Goods Available for sale | \$505,000 | |
| Less: Ending Inventory | 90,000 | |
| Cost of Goods Sold | | 415,000 |
| Gross Profit | | \$315,000 |

Exercise E5-18
page 244

| <u>Date</u> | <u>Account Titles</u> | <u>Ref</u> | <u>Debit</u> | <u>Credit</u> |
|-------------|----------------------------|------------|---------------|---------------|
| 4/5 | Purchases | | 25,000 | |
| | Accounts Payable | | | 25,000 |
| | | | | |
| 6 | Freight-In | | 900 | |
| | Cash | | | 900 |
| | | | | |
| 7 | Equipment | | 30,000 | |
| | Accounts Payable | | | 30,000 |
| | | | | |
| 8 | Accounts Payable | | 2,800 | |
| | Pur Ret & Allow | | | 2,800 |
| | | | | |
| 15 | Accounts Payable | | 22,200 | |
| | Purchase Discount | | | 444 |
| | Cash | | | 21,756 |
| (b) | | | | |
| 5/4 | Accounts Payable | | 22,200 | |
| | Cash | | | 22,200 |

Exercise E5-19

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| <u>Date</u> | <u>Account Titles</u> | <u>Ref</u> | <u>Debit</u> | <u>Credit</u> |
|-------------|----------------------------|------------|---------------|---------------|
| 4/5 | Purchases | | 19,000 | |
| | Accounts Payable | | | 19,000 |
| | | | | |
| 6 | Freight-In | | 800 | |
| | Cash | | | 800 |
| | | | | |
| 7 | Equipment | | 23,000 | |
| | Accounts Payable | | | 23,000 |
| | | | | |
| 8 | Accounts Payable | | 4,000 | |
| | Pur Ret & Allow | | | 4,000 |
| | | | | |
| 15 | Accounts Payable | | 15,000 | |
| | Purchase Discount | | | 300 |
| | Cash | | | 14,700 |
| (b) | | | | |
| 5/4 | Accounts Payable | | 15,000 | |
| | Cash | | | 15,000 |

EXERCISE E5-16, page 244
Evangeline Lilly Company
Income Statement

For the Year Ended December 31, 2012

| | | |
|---|-----------------------|-----------------------|
| Sales | | \$840,000 |
| Less: Sales Ret & Allow | \$ 10,000 | |
| Sales Discounts | <u>5,000</u> | <u>15,000</u> |
| Net Sales | | \$825,000 |
| Cost of Goods Sold: | | |
| Inventory, 1/1/2012 | \$ 50,000 | |
| Purchases | \$509,000 | |
| Less: Pur Discounts | \$6,000 | |
| Pur Ret & Allow | <u>2,000</u> | <u>8,000</u> |
| Net Purchases | \$501,000 | |
| Add: Freight-In | <u>4,000</u> | |
| Cost of Goods Purchased | <u>505,000</u> | |
| Cost of Goods Available for Sale | \$555,000 | |
| Less: Inventory, 3/31/2012 | <u>60,000</u> | |
| Cost of Goods Sold | | <u>495,000</u> |
| Gross Profit | | \$330,000 |

**EXERCISE E5-16, page 244
(continued)**

**Evangeline Lilly Company
Income Statement**

For the Year Ended December 31, 2012

| | |
|---------------------------------|-------------------------|
| Gross Profit | \$330,000 |
| Total Operating Expenses | ??? |
| Net Income | <u>\$130,000</u> |

Gross Profit \$330,000 - Operating Expenses = NI \$130,000

Operating expenses = \$200,000

PERIODIC HANDOUT EXERCISE–Chapter 5
Golden Eagle Company
Income Statement
For the Month Ended March 31, 20x2

| | | |
|--|-----------------------|-----------------------|
| Sales | | \$350,000 |
| Less: Sales Ret & Allow | \$ 15,000 | |
| Sales Discounts | <u>9,000</u> | <u>24,000</u> |
| Net Sales | | \$326,000 |
| Cost of Goods Sold: | | |
| Inventory, 3/1/20x2 | \$ 43,000 | |
| Purchases | \$230,000 | |
| Less: Pur Ret & Allow \$7,000 | | |
| Pur Discounts <u>4,000</u> | <u>11,000</u> | |
| Net Purchases | \$219,000 | |
| Add: Freight-In | <u>15,000</u> | |
| Cost of Goods Purchased | <u>234,000</u> | |
| Cost of Goods Available for Sale | \$277,000 | |
| Less: Inventory, 3/31/20x2 | <u>62,000</u> | |
| Cost of Goods Sold | | <u>215,000</u> |
| Gross Profit | | \$111,000 |

**PERIODIC EXERCISE–Chapter 5
(continued)**

**Golden Eagle Company
Income Statement
For the Month Ended March 31, 20x2**

| | | |
|---------------------------------|---------------------|------------------------|
| Gross Profit | | \$111,000 |
| Operating Expenses: | | |
| Salary Expense | \$65,000 | |
| Rent Expense | 19,200 | |
| Insurance Expense | 12,020 | |
| Freight-out | <u>7,003</u> | |
| Total Operating Expenses | | <u>103,223</u> |
| Net Income | | <u>\$ 7,777</u> |

PROBLEM P5-5A – page 248

Rutherford Department Store Income Statement

For the Year Ended December 31, 2012

| | | | |
|---|---------------------|-----------------------|-----------------------|
| Sales | | | \$725,000 |
| Less: Sales Ret & Allow | | | <u>11,000</u> |
| Net Sales | | | \$714,000 |
| Cost of Goods Sold: | | | |
| Mdse Inv, 1/1/2012 | | \$ 40,500 | |
| Purchases | | \$447,000 | |
| Less: Pur Disc | \$12,000 | | |
| Pur R & A | <u>6,400</u> | <u>18,400</u> | |
| Net Purchases | | \$428,600 | |
| Add: Freight-In | | <u>5,600</u> | |
| Cost of Goods Purchased | | <u>434,200</u> | |
| Cost of Goods Available for Sale | | \$474,700 | |
| Less: Mdse Inv, 8/31/2005 | | <u>65,000</u> | |
| Cost of Goods Sold | | | <u>409,700</u> |
| Gross Profit | | | \$304,300 |

PROBLEM P5-5B – page 252

Cortex Department Store Income Statement

For the Year Ended November 30, 2012

| | | | |
|---|----------------|------------------|--------------------|
| Sales | | | \$1,000,000 |
| Less: Sales Ret & Allow | | | <u>20,000</u> |
| Net Sales | | | \$ 980,000 |
| Cost of Goods Sold: | | | |
| Mdse Inv, 12/1/2011 | | \$ 40,000 | |
| Purchases | | \$585,000 | |
| Less: Pur Disc | \$6,300 | | |
| Pur R & A | <u>2,700</u> | <u>9,000</u> | |
| Net Purchases | | \$576,000 | |
| Add: Freight-In | | <u>7,500</u> | |
| Cost of Goods Purchased | | <u>583,500</u> | |
| Cost of Goods Available for Sale | | \$623,500 | |
| Less: Mdse Inv, 11/30/2012 | | <u>52,600</u> | |
| Cost of Goods Sold | | | <u>570,900</u> |
| Gross Profit | | | \$409,100 |