

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
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<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:		
Merchandise 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: Merchandise Inventory, 3/31/20x2	<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:		
Merchandise 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: Merchandise 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>

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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

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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