

Q1#) A list of accounts for Maple Inc. at December 31, 2010, follows:

Accounts Receivable	\$ 2,359	Land	\$20,000
Advertising Expense	4,510	Purchase Discounts	800
Buildings and Equipment, Net	55,550	Purchases	40,200
Capital Stock	50,000	Retained Earnings, January 1, 2010	32,550
Cash	590	Salaries Expense	25,600
Depreciation Expense	2,300	Salaries Payable	650
Dividends	6,000	Sales	84,364
Income Tax Expense	3,200	Sales Returns	780
Income Tax Payable	3,200	Transportation-In	375
Interest Receivable	100	Utilities Expense	3,600
Inventory:			
January 1, 2010	6,400		
December 31, 2010	7,500		

Required:

- Determine Cost of Goods Sold (COGS) for December 31, 2010.
- Determine Net Income for December 31, 2010.
- Prepare a balance sheet dated December 31, 2010.

#Solution#

COGS:

***Beginning inventory: 6,400**

Purchases	+ 40,200
Purchase Discounts	- 800
Transportation-In	+ 375

***Net Purchase: 39,775**

***Ending Inventory: 7,500**

COGS = Beginning Inventory + Net Purchase – Ending Inventory

COGS = 6,400 + 39,775 – 7,500

***COGS = 38,675**

Net-Income:

Advertising Expense	4,510
Depreciation Expense	2,300
Salaries Expense	25,600
Utilities Expense	3,600
Income-Tax Expense	3,200

***Total Expense: 39,210**

Sales	+ 84,364
Sales Return	- 780
COGS	- 38,675

***Total Revenue: 44,909**

Net-Income: Total Revenue – Expense

Net-Income: 44,909 – 39,210

***Net-Income = 5,699**

Balance Sheet:

O.C:

O.C. => Capital Stock + Retained Earning = 50,000 + 32,550 = 82,550

Withdraw:

Withdraw => Dividends = 6,000

O.E:

O.E => O.C. + Net-Income – Withdraw

O.E = 82,550 + 5,699 – 6,000

***O.E = 82,249**

Assets		Liability + O.E	
Cash	590	<u>Liabilities:</u>	
Inventory	7,500	Salaries Payable	650
Account Receivable	2,359	Income-Tax Payable	3,200
Interest Receivable	100		
Land	20,000	<u>O.E:</u>	
Building & Equipment, Net	55,550	O.E.	82,249
TOTAL	86,099	TOTAL	86,099