***Chapter 1 Comprehensive Problem***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Requirement a** | | | |  | |  |  |  |  |  |  |  | | |  |  |  |  |  |  |
|  |  |  | **Assets** |  | |  |  |  | = | **Equity** |  |  | | |  |  |  | **Income Statement** |  |  |
|  |  |  |  |  | |  |  |  |  |  |  |  | | |  |  |  |  |  |  |
| Event |  |  |  |  | | Manuf. |  | Office |  | Common |  | Retained | | |  |  |  |  |  |  |
| Number | Cash | + | Inventory | + | | Equip. | + | Equip. | = | Stock | + | Earnings | | |  | Rev. | - | Exp | = | Net Inc. |
| 1. | 750,000 | + |  | + | |  | + |  | = | 750,000 | + |  | | |  |  | - |  | = |  |
| 2a. | (270,000) | + |  | + | | 270,000 | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 2b. |  | + | 60,000 | + | | (60,000) | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 3. | (200,000) | + | 200,000 | + | |  | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 4. | (125,000) | + | 125,000 | + | |  | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 5. | (20,000) | + | 20,000 | + | |  | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 6. | (50,000) | + | 50,000 | + | |  | + |  | = |  | + |  | | |  |  | - |  | = |  |
| 7a. | 600,000 | + |  | + | |  | + |  | = |  | + | 600,000 | | |  | 600,000 | - |  | = | 600,000 |
| 7b. |  | + | (455,000) | + | |  | + |  | = |  | + | (455,000) | | |  |  | - | 455,000 | = | (455,000) |
| 8. | (30,000) | + |  | + | |  | + |  | = |  | + | (30,000) | | |  |  | - | 30,000 | = | (30,000) |
| 9a. | (39,000) | + |  | + | |  | + | 39,000 | = |  | + |  | | |  |  | - |  | = |  |
| 9b. |  | + |  | + | |  | + | (12,000) | = |  | + | (12,000) | | |  |  | - | 12,000 | = | (12,000) |
| 10. | (71,950) | + |  | + | |  | + |  | = |  | + | (71,950) | | |  |  | - | 71,950 | = | (71,950) |
| Total | 544,050 | + | 0 | + | | 210,000 | + | 27,000 | = | 750,000 | + | 31,050 | | |  | 600,000 | - | 568,950 | = | 31,050 |
| **Requirement b** | | | |  | |  |  |  |  |  |  |  | | |  |  |  |  |  |  |
|  | **Income Statement** | | | | | |  |  |  | **Balance Sheet** | | | | | | | | | | |
|  | Sales revenue | | |  | $600,000 | |  |  |  | Assets: |  |  | | |  |  |  |  |  |  |
|  | Cost of goods sold | | |  | (455,000) | |  |  |  | Cash |  |  | | |  |  |  |  |  | $544,050 |
|  | Gross margin | | |  | 145,000 | |  |  |  | Manufacturing equipment, net of acc. depreciation | | | | | | | | |  | 210,000 |
|  | Sales commission | | |  | (30,000) | |  |  |  | Office equipment, net of acc. depreciation | | | | | | | | |  | 27,000 |
|  | Depreciation expense | | |  | (12,000) | |  |  |  | Total assets | | | | |  |  |  |  |  | $781,050 |
|  | Administrative expense | | |  | (71,950) | |  |  |  |  | | | |  |  |  |  |  |  |  |
|  | Net income | |  |  | $ 31,050 | |  |  |  |  | | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | |  |  |  | Equity: | | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | |  |  |  | Common stock | | | |  |  |  |  |  |  | $750,000 |
|  |  |  |  |  |  | |  |  |  | Retained earnings | | | | |  |  |  |  |  | 31,050 |
|  |  |  |  |  |  | |  |  |  | Total equity | | |  |  |  |  |  |  |  | $781,050 |