M5-4 Preparing and Interpreting a Multiple-step Income Statement

LO 5-3,

Nutboy Theater Company reported the following single-step income statement. Prepare a multiple-step income statement that distinguishes the financial results of the local theater company's core and peripheral activities. Also, calculate the net profit margin using the company's core revenues and compare it to the 8 percent earned in 2012. In which year did the company generate more profit from each dollar of sales?

NUTBOY THEATER COMPANY
Income Statement
For the year ended December 31, 2013

Revenues	
Ticket Sales	$50,000
Concession Sales	2,500
Interest Revenue	200
Other Revenue	50
Total revenues	52,750
Expenses	
Salaries and Wage Expense	30,000
Advertising Expense	8,000
Utilities Expense	7,000
Income Tax Expense	2,500
Total Expenses	47,500
Net Income	$ 5,250

ing Standards.

M5-12 Computing and Interpreting the Net Profit Margin Ratio **LO 5-7**

Happy's Golf Corporation recently reported the following December 31 amounts in its financial statements (in thousands):

	Prior Year	Current Year
Income from Operations	$ 1,700	$1,400
Net Income	850	700
Total Assets	10,000	9,000
Total Stockholders' Equity	8,000	7,500
Total Revenue	9,000	7,000

Compute the net profit margin ratio for the current and prior years. What do these analyses indicate?

M5-13 Computing and Interpreting the Debt-to-Assets Ratio **LO 5-7**

Using the data in M5-12, compute the debt-to-assets ratio for the current and prior years. What do these analyses indicate?

E6-5 Preparing a Bank Reconciliation and Journal Entries, and Reporting Cash LO 6-4

Hills Company's June 30, 2013, bank statement and the June ledger account for cash are summarized here:

BANK STATEMENT

	Checks	Deposits	Other	Balance
Balance, June 1, 2013				$ 7,200
Deposits during June		$18,000		25,200
Checks cleared during June	$19,100			6,100
Bank service charges			$30	6,070
Balance, June 30, 2013				6,070

Cash (A)

June 1	Balance	6,800			
June	Deposits	19,000	19,400	Checks written	June
June 30	Balance	6,400			

Required:

1. Prepare a bank reconciliation. A comparison of the checks written with the checks that have cleared the bank shows outstanding checks of $700. Some of the checks that cleared in June were written prior to June. No deposits in transit were noted in May, but a deposit is in transit at the end of June.
2. Give any journal entries that should be made as a result of the bank reconciliation.
3. What is the balance in the Cash account after the reconciliation entries?
4. In addition to the balance in its bank account, Hills Company also has $300 cash on hand. This amount is recorded in a separate T-account called Cash on Hand. What is the total amount of cash that should be reported on the balance sheet at June 30?

E6-7 Identifying Shrinkage and Other Missing Inventory Information

Calculate the missing information for each of the following independent cases:

Cases	Beginning Inventory	Purchases	Cost of Goods Sold	Ending Inventory (perpetual system)	Ending Inventory (as counted)	Shrinkage
A	$100	$700	$300	?	$420	$?
B	200	800	?	150	150	?
C	150	500	200	450	?	10
D	260	?	650	210	200	?

M6-15 Journal Entries to Record Sales Discounts **LO 6-6**

Inventory that cost \$500 is sold for \$700, with terms of 2/10, n/30. Give the journal entries to record (*a*) the sale of merchandise and (*b*) collection of the accounts receivable assuming that it occurs during the discount period.

M6-17 Computing and Interpreting the Gross Profit Percentage **LO 6-7**

Using the information in M6-16, calculate the gross profit percentage for 2013. How has Sellall performed, relative to the gross profit percentages reported for Walmart in the chapter?