

Income Statements

Numeric Response

1. A profit-and-loss statement or income statement will include operating expenses as well as income.

$$\text{Gross Profit} = \text{Net Sales} - \text{Cost of Goods Sold}$$

$$\text{Net Income} = \text{Gross Profit} - \text{Total Operating Expenses}$$

$$\text{Cost of Goods Sold} = (\text{Beginning inventory} + \text{Receipts}) - \text{Ending Inventory}$$

Hans Colton is preparing an income statement for DeLorean Motor Company. The sales totaled \$647,864 with returns of \$9,868. The cost of goods sold amounted to \$166,314. Operating expenses included salaries of \$196,379, utilities of \$21,849, rent of \$14,000, and advertising of \$1,836. What is the gross profit for DeLorean Motor Company?

2. A profit-and-loss statement or income statement will include operating expenses as well as income.

$$\text{Gross Profit} = \text{Net Sales} - \text{Cost of Goods Sold}$$

$$\text{Net Income} = \text{Gross Profit} - \text{Total Operating Expenses}$$

$$\text{Cost of Goods Sold} = (\text{Beginning inventory} + \text{Receipts}) - \text{Ending Inventory}$$

Frans Benington is preparing an income statement for Blockbuster Video. The sales totaled \$741,939 with returns of \$7,673. The cost of goods sold amounted to \$186,294. Operating expenses included salaries of \$221,908, utilities of \$27,773, rent of \$16,000, and advertising of \$3,333. What is the gross profit for Blockbuster Video?

3. A profit-and-loss statement or income statement will include operating expenses as well as income.

Gross Profit = Net Sales - Cost of Goods Sold

Net Income = Gross Profit - Total Operating Expenses

Cost of Goods Sold = (Beginning inventory + Receipts) - Ending Inventory

Roy Finley is preparing an income statement for DeLorean Motor Company. The sales totaled \$583,772 with returns of \$9,822. The cost of goods sold amounted to \$140,978. Operating expenses included salaries of \$191,856, utilities of \$23,635, rent of \$12,000, and advertising of \$1,305. What is the gross profit for DeLorean Motor Company?

4. A profit-and-loss statement or income statement will include operating expenses as well as income.

Gross Profit = Net Sales - Cost of Goods Sold

Net Income = Gross Profit - Total Operating Expenses

Cost of Goods Sold = (Beginning inventory + Receipts) - Ending Inventory

Bertha Rockford is preparing an income statement for America Online. The sales totaled \$620,999 with returns of \$5,474. The cost of goods sold amounted to \$171,327. Operating expenses included salaries of \$149,133, utilities of \$33,776, rent of \$19,000, and advertising of \$1,541. What is the net income for America Online?

5. A profit-and-loss statement or income statement will include operating expenses as well as income.

Gross Profit = Net Sales - Cost of Goods Sold

Net Income = Gross Profit - Total Operating Expenses

Cost of Goods Sold = (Beginning inventory + Receipts) - Ending Inventory

Income:		
Sales	\$716,143	
Less Sales Returns	6,532	
Cost of Goods Sold		\$166,742
Operating Expenses:		
Salaries		205,200
Utilities		30,681
Rent		13,000
Advertising		1,413

Roy Colton is preparing an income statement for DeLorean Motor Company as shown above. What is the gross profit for DeLorean Motor Company?

6. A profit-and-loss statement or income statement will include operating expenses as well as income.

$$\text{Gross Profit} = \text{Net Sales} - \text{Cost of Goods Sold}$$

$$\text{Net Income} = \text{Gross Profit} - \text{Total Operating Expenses}$$

$$\text{Cost of Goods Sold} = (\text{Beginning inventory} + \text{Receipts}) - \text{Ending Inventory}$$

Income:		
Sales	\$576,455	
Less Sales Returns	10,874	
Cost of Goods Sold		\$133,902
Operating Expenses:		
Salaries		109,960
Utilities		45,250
Rent		18,000
Advertising		2,710

Frans Russell is preparing an income statement for Blockbuster Video as shown above. What is the net income for Blockbuster Video?

7. A profit-and-loss statement or income statement will include operating expenses as well as income.

Gross Profit = Net Sales - Cost of Goods Sold

Net Income = Gross Profit - Total Operating Expenses

Cost of Goods Sold = (Beginning inventory + Receipts) - Ending Inventory

Income:		
Sales	\$574,824	
Less Sales Returns	15,955	
Cost of Goods Sold		\$172,754
Operating Expenses:		
Salaries		117,926
Utilities		24,677
Rent		18,000
Advertising		3,231

Hans Rockford is preparing an income statement for Montgomery Ward as shown above. What is the net income for Montgomery Ward?

8. A profit-and-loss statement or income statement will include operating expenses as well as income.

Gross Profit = Net Sales - Cost of Goods Sold

Net Income = Gross Profit - Total Operating Expenses

Cost of Goods Sold = (Beginning inventory + Receipts) - Ending Inventory

Income:		
Sales	\$623,221	
Less Sales Returns	11,164	
Cost of Goods Sold		\$171,091
Operating Expenses:		
Salaries		139,216
Utilities		49,894
Rent		16,000
Advertising		1,888

Frans Rockford is preparing an income statement for Blockbuster Video as shown above. What is the net income for Blockbuster Video?

Income Statements
Answer Section

NUMERIC RESPONSE

1. ANS: 471,682

PTS: 1

2. ANS: 547,972

PTS: 1

3. ANS: 432,972

PTS: 1

4. ANS: 240,748

PTS: 1

5. ANS: 542,869

PTS: 1

6. ANS: 255,759

PTS: 1

7. ANS: 222,281

PTS: 1

8. ANS: 233,968

PTS: 1

