

Ex. 6–10

- a. \$15,000 (\$250,000 – \$10,000 – \$225,000)
- b. \$135,000 (\$225,000 – \$90,000)
- c. \$552,000 (\$600,000 – \$30,000 – \$18,000)
- d. \$222,000 (\$552,000 – \$330,000)
- e. \$50,000 (\$1,000,000 – \$40,000 – \$910,000)
- f. \$623,500 (\$910,000 – \$286,500)
- g. \$539,000 (\$520,000 + \$11,500 + \$7,500)
- h. \$520,000 (\$400,000 + \$120,000)

Ex. 6–11

a.

EL DORADO FURNISHINGS COMPANY
Income Statement
For the Year Ended March 31, 2010

Revenue from sales:			
Sales		\$2,550,000	
Less: Sales returns and allowances.....	\$160,000		
Sales discounts.....	<u>40,000</u>	<u>200,000</u>	
Net sales.....			\$2,350,000
Cost of merchandise sold			<u>1,400,000</u>
Gross profit.....			\$ 950,000
Expenses:			
Selling expenses.....		\$ 410,000	
Administrative expenses.....		<u>250,000</u>	
Total expenses			<u>660,000</u>
Income from operations			\$ 290,000
Other expense:			
Interest expense			<u>15,000</u>
Net income.....			<u>\$ 275,000</u>

- b. The major advantage of the multiple-step form of income statement is that relationships such as gross profit to sales are indicated. The major disadvantages are that it is more complex and the total revenues and expenses are not indicated, as is the case in the single-step income statement.