

## Sample Questions for ACT2111 Mid-Term Exam

### **Part A Multiple Choice Questions**

The preparation of closing entries

- A) is optional in the accounting cycle.
- B) is a must before the preparation of the financial statements.
- C) transferring the balances in all accounts to Retained Earnings.
- D) results in zero balances in all temporary at the end of the period so that they are ready for the following period's transactions.
- E) None of the above.

If net sales are €400,000, cost of goods sold is \$310,000, and operating expenses are €60,000, the gross profit is

- A) €30,000.
- B) €90,000.
- C) €340,000.
- D) €400,000.
- E) None of the above.

### **Part B Fill-in-the-blanks**

A year-end review of Accounts Receivable and estimated uncollectible percentages revealed the following:

1-30 days	\$40,000	1.5%
31-60 days	\$10,000	8.0%
61-90 days	\$6,000	22.0%

The credit balance in Allowance for Doubtful Accounts was \$520.

The appropriate amount of Bad Debt Expense recorded is           **(a)**          . After adjusting process, the allowance for doubtful account has an ending balance of           **(b)**          .

### **Part C Long questions**

You are provided with the following information for Splish Ltd. for the month ended October 31, 2020. Splish uses a periodic inventory system.

<u>Date</u>	Description	Units	Unit Cost or Selling Price
October 1	Beginning inventory	71	€ 42
October 9	Purchase	142	44
October 11	Sale	126	51
October 17	Purchase	79	45
October 22	Sale	75	55
October 25	Purchase	110	45
October 29	Sale	142	55

Calculate (i) ending inventory, (ii) cost of goods sold, (iii) gross profit, and (iv) gross profit rate under each of the following methods.

**(a)** FIFO.

**(b)** Average-cost.