

ACCT 3110 – Professor Mayper  
Sample Exam ANSWER KEY  
Exam II Fall 2003

I. MULTIPLE CHOICE

- |      |      |       |
|------|------|-------|
| 1. F | 5. B | 9. I  |
| 2. D | 6. A | 10. A |
| 3. F | 7. B | 11. D |
| 4. E | 8. E |       |

II. BAD DEBTS

	Debit	Credit
i. Allowance for Bad Debts	28,575	
Accounts Receivable		28,575
ii. Bad Debt Expense	54,000	
Allowance for Bad Debts		54,000
iii. Allowance for Bad Debts	5,925	
Bad Debt Expense		5,925
iv. Bad Debt Expense <u>48,075</u>		Allow. For Bad Debts (12/31/00) <u>41,500</u>

III. FIFO/LIFO COMPARISON

- a. \$976,000
- b. \$6,184,000

IV. DOLLAR VALUE LIFO

- a. \$10,600
- b. 1.03
- c. \$9,000 [Alternate answer: \$8,391 (See Instructor)]
- d. \$73,750 [Alternate answer: \$71,089 (See Instructor)]

## V. RETAIL INVENTORY METHOD

a. i.  $\frac{577,000}{760,250}$

ii.  $\frac{515,000}{621,527}$

b. \$71,595

c. \$505,405

d. base value of the 2002 retail ending inventory = \$53,000  
reported cost of the inventory on the 2002 balance sheet = \$32,860

## VI. EXCHANGES

- i. \$ 233,000
- ii. \$ (67,000) (Loss)
- iii. zero
- iv. \$ 60,000
- v. 13.70%

## VII. INTEREST CAPITALIZATION

- i. \$91,250
- ii. \$77,500
- iii. \$20,976
- iv. \$15,500