

Course No: ACC 4319
Course Title: International Accounting
Date: 21/01/2015
No. of Questions: (4)
Time: 2 hour
Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa
Student No.: _____
Student Name: _____
College Name: Business Administration
Dep. / Specialist: Accounting
Using Dictionary (No)

Question I:

The following account balances are for the Agee Company as of January 1, 2014, and December 31, 2014. All figures are denominated in kroner (Kr).

	January 1, 2014	December 31, 2014
Accounts payable	(18,000)	(24,000)
Accounts receivable	35,000	79,000
Accumulated depreciation—buildings	(20,000)	(25,000)
Accumulated depreciation—equipment	-0-	(5,000)
Bonds payable—due 2017	(50,000)	(50,000)
Buildings	118,000	97,000
Cash	35,000	8,000
Common stock	(70,000)	(80,000)
Depreciation expense	-0-	15,000
Dividends (1/10/2014)	-0-	32,000
Equipment	-0-	30,000
Gain on sale of building	-0-	(6,000)
Rent expense	-0-	14,000
Retained earnings	(30,000)	(30,000)
Salary expense	-0-	20,000
Sales	-0-	(80,000)
Utilities expense	-0-	5,000

Additional Information

- Agee issued additional shares of common stock during the year on April 1, 2014. Common stock at January 1, 2014, was sold at the start of operations in 2007.
- It purchased buildings in 2008 and sold one building with a book value of Kr 16,000 on July 1 of the current year.
- Equipment was acquired on April 1, 2014.

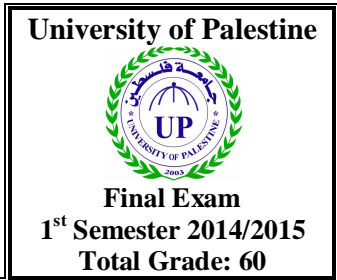
Relevant exchange rates for 1 Kr were as follows:

2007	\$ 2.4
2008	2.2
January 1, 2014	2.5
April 1, 2014	2.6
July 1, 2014	2.8
October 1, 2014	2.9
December 31, 2014	3.0
Average for 2014	2.7

Required:

Assuming the U.S. dollar is the functional currency and retained earnings at January 1, 2014, was \$52,600, Translate the Agee Company financial statement to the US Dollar.

Course No: ACC 4319
Course Title: International Accounting
Date: 21/01/2015
No. of Questions: (4)
Time: 2 hour
Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa
Student No.: _____
Student Name: _____
College Name: Business Administration
Dep. / Specialist: Accounting
Using Dictionary (No)

Question 2:

Mason Company has prepared consolidated financial statements for the current year and is now gathering information in connection with the following five operating segments it has identified.

	Books	Cards	Computers	Maps	Travel	Finance
Sales to outside parties	\$ 121	\$ 212	\$ 696	\$ 166	\$ 564	0
Intersegment sales	24	16	240	39	118	0
Interest income - external	60	12	0	0	0	\$ 37
Interest income - intersegment loans	0	0	0	0	0	147
Assets	299	300	1,378	248	650	315
Operating expenses	115	210	818	104	380	65
Expenses - intersegment sales	70	30	51	40	56	0
Interest expense - external	0	7	0	0	0	107
Interest expense - intersegment loans	21	0	71	38	47	0
Income tax expense (savings)	12	30	(41)	27	31	(8)

Required:

- a. Determine the reportable segments by performing each applicable test.
- b. What is the net income & total assets for un-reportable segments?

Question 3:

On January 1, Dandu Corporation started a subsidiary in a foreign country. On April 1, the subsidiary purchased inventory at a cost of 120,000 local currency units (LCU). One-fourth of this inventory remained unsold at the end of the year while 40 percent of the liability from the purchase had not yet been paid. The exchange rates for \$1 were as follows:

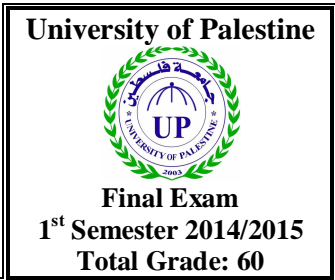
January 1 \$1 = LCU 2.5
 April 1 1 = 2.8
 Average for the current year 1 = 2.7
 December 31 1 = 3.0

Required:

What should be the December 31 Inventory and Accounts Payable balance for this foreign subsidiary as translated into U.S. dollars using the:

- (1) Current rate method
- (2) Temporal method.

Course No: ACC 4319
Course Title: International Accounting
Date: 21/01/2015
No. of Questions: (4)
Time: 2 hour
Using Calculator (yes)



Instructor Name: Dr. Khaled Eissa
Student No.: _____
Student Name: _____
College Name: Business Administration
Dep. / Specialist: Accounting
Using Dictionary (No)

Question 4:

Farah Company Inc. begins operations on January 1, 2014. The company's unadjusted financial statements for the year ended December 31, 2014, Appear as follows:

Balance Sheets	1/1/2014	31/12/2014
Cash & receivables	\$ 50,000	\$ 87,500
Fixed Assets, net	125,000	112,500
Total	175,000	200,000
Payables	37,500	37,500
Contributed capital	137,500	137,500
Retained earnings	-	25,000
Total	\$ 175,000	\$ 200,000

Income Statement, 2014	
Revenues	\$ 125,000
Depreciation	(12,500)
Other expenses	(87,500)
Net Income	\$ 25,000

Revenues and expenses occur evenly throughout the year, revenues and other expenses are realized in terms of monetary assets (cash & receivables). General Price indexes for 2014 are as follows:

1/1/2014	100
Average for 2014	120
31/12/2014	150

Required:

- a. Calculate Farah Company's 2014 purchasing power gain or loss on net monetary items.
- b. Make the necessary entry for GPP adjustments.
- c. Prepare Restated balance sheet as in Dec. 31, 2014

End of Questions
 <<< *Good Luck* >>>