

Course No: ACNE 2304
 Course Title: Intermediate
 Accounting 2
 Date: 07/06/2017
 No. of Questions: (5)
 Time: 2 hours
 Using Calculator (Yes)

University of Palestine



Final Exam
 Second Semester
 2016/2017

Instructor Name: _____
 Student No.: _____
 Student Name: _____
 College Name: Business & Finance
 Dep. / Specialist: Accounting
 Using Dictionary (No)

Answer all the following questions

Question One: (6 Marks)

Choose what are True and what are False from the following

1	()	Errors are considered an accounting change
2	()	Adoption of a new policy in recognition of events that have occurred for the first time or that were previously immaterial is an accounting change
3	()	Notes to financial statements are the means of amplifying or explaining the items presented in the main body of the statements
4	()	Revenue recognition are relatively common and can lead to significant share price adjustments.
5	()	Revenue should be measured at the fair value of consideration received or receivable
6	()	When a sales transaction involves a financing arrangement, the fair value is determined by discounting the payment using an imputed interest rate.

Question Tow: (4Marks)

1- Reasons for Increase in Reporting Requirements

- 1
- 2.....
- 3.....

Companies should present a statement identifying the accounting policies adopted.

In addition, companies must:

- 1
- 2.....

3- Meeting the objective of Reporting Segmented Information will help users to:

- 1
- 2.....
- 3.....

Question Three: (13 Marks)

A- On January 2014, Celta Company issued 50,000 shares of \$10 par value ordinary shares at a price of \$20 per share. In addition, it has retained earnings of \$500,000. On January 20, 2015, Celta Company acquired 10,000 of its shares at \$15 per share. . On December 2015 Celta Company sold 1,000 shares at \$20 per share.

Required: You are required

- 1- to journalize transactions
- 2- show the owners equity after realizing all these transactions

B- Mou Co.. transferred to shareholders some of its investments (held-for-trading) in securities costing \$1,250,000 by declaring a property dividend on December 28, 2014, to be distributed on January 30, 2015, to shareholders of record on January 15, 2015. At the date of declaration the securities have a fair value of \$2,000,000.

Required:

You are required to journalize transactions

Question Four: (13Marks)

A - Morse Company issues 1,000 convertible preference shares that have a par value of €1 per share. The shares were issued at a price of €200 per share. Later each share is subsequently converted into 25 each ordinary shares (€2 par value) that have a fair value of €410,000

Required:

You are required to journalize transactions

B – Real Madrid Company purchased \$100,000 of 8% bonds of Sevilla Corporation on January 1, 2013, at a discount, paying \$93,000. The bonds mature January 1, 2019 and yield 10%; interest is payable each July 1 and December 31. On November 1, 2016 Real Madrid Company sells its investment in Sevilla bonds, at 99800 plus accrued interest. Robinson records this discount amortization as follows:

Required:

You are required to journalize transactions during the period 2013-2016

Question Five: (14 Marks)

A- TMI Construction Company has a contract to construct a €4,000,000 bridge at an estimated cost of €3,000,000. The contract is to start in July 2014, and the bridge is to be completed in October 2016. The following data pertain to the construction period.

Related cost is as following

2014	2015	2016
\$500000	\$1800000	\$700000

Required

You are required to journalize the revenues recognition entries during the contract period

B- Salgado Leasing Company signs an agreement on January 1, 2010, to lease equipment to Raul Company. The following information relates to this agreement

1. The term of the non-cancelable lease is 6 years with no renewal option. The equipment has an estimated economic life of 6 years.
2. The cost and fair value of the asset at January 1, 2010, is £343,000.
3. The asset will revert to the lessor at the end of the lease term, at which time the asset is expected to have a residual value of £61,071, none of which is guaranteed.
4. Reid Company assumes direct responsibility for all executory costs.

The agreement requires equal annual rental payments, beginning on January 1, 2010. Assuming the lessor desires a 10% rate of return on its investment,

Required

You are required to calculate the amount of the annual rental payment required.

Good Luck