

Course No: ACNE 2304
 Course Title: Intermediate Accounting
 2
 Date: 21/04/2018
 No. of Questions: (0)
 Time: 1 hours
 Using Calculator (Yes)

University of Palestine



First Med 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: (5 Marks)

A- Choose what are True and what are False from the following

1	()	Equity investments are generally recorded and reported at fair value
2	()	Debt investments are characterized by contractual payments on specified dates of principal and interest on the principal amount outstanding
3	()	Debt investments at fair value do not follow the same accounting entries as debt investments held-for-collection during the reporting period
4	()	Companies have the option to report most financial assets at fair value. This option is applied on total instrument as a group.

B- Financial Assets include:

- 1-
- 2-
- 3-

C- Pension plans can be:

- 1-
- 2-
- 3-

Questiontwo : (5Marks)

Hedson Company purchased \$100,000 of 8% bonds of Truth Corporation on January 1, 2013, at a discount, paying \$92,278. The bonds mature January 1, 2019 and yield 10%; interest is payable each July 1 and December 31. On November 1, 2016, Hedson Company sells its investment in Truth Corporation bonds at 99,000 plus accrued interest

Required

You are required to journalize transactions related to the years 2013 and 2016

Questionthree: (5Marks)

At October 1, 2015, Raul Corporation purchased ordinary shares of three companies, each investment representing less than a 20 percent interest.

Bogba	260000
Neymar	318000
Sergio Ramos	142000

On December 5, 2015, Raul Corporation receives a cash dividend of \$5000 on its investment in the ordinary shares of Neymar.

At December 31, 2015, Raul Corporation equity investment portfolio has the carrying value and fair value shown.

	Carrying Value	Fare Value
Bogba	260000	280000
Neymar	320000	300000
Sergio Ramos	142000	102000
Total of Portfolio	722000	682000

On January 23, 2016, Raul Corporation sold all of its Bogba ordinary shares, receiving \$278000

Required

You are required to journalize transactions

Questionfour : (5Marks)

At January 1, 2017, Red Bulls Company had plan assets of \$750,000 and a defined benefit obligation of the same amount. During 2015, service cost was \$82,500, the discount rate was 10%, actual and expected return on plan assets were \$75,000, contributions were \$60,000, and benefits paid were \$52,500.

Required

You are required to prepare a pension worksheet for Red Bulls for 2017.

*****GOOD LUCK*****