

Course No:
 Course Title: Intermediate
 Accounting 2
 Date: 18/04/2019
 No. of Questions: (4)
 Time: 1hours
 Using Calculator (Yes)

University of Palestine



First Med Exam
 Second Semester
 2018/2019

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	()	Revenue recognition is a low fraud risk
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.
5	()	Revenue should be measured at the fair value of consideration received or receivable

B- Revenue is recognized when

- 1-
- 2-

C- Pension plans can be:

- 1-
- 2-
- 3-

Question Tow: (5Marks)

Hedson Company purchased \$50,000 of 8% bonds of Truth Corporation on January 1, 2013, at a discount, paying \$46,139. The bonds mature January 1, 2019 and yield 10%; interest is payable each July 1 and December31. On November 1, 2016,Hedson Company sells its investment in Truth Corporation bonds at 49,500 plus accrued interest

Required

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

QuestionThree: (5Marks)

Alba Leasing Company signs an agreement on January 1, 2018, to lease equipment to Refat 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, 2018, is \$300,000.
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 \$21,000, none of which is guaranteed.
4. Refat Company assumes direct responsibility for all executory costs.
5. The agreement requires equal annual rental payments, beginning on January 1, 2018
6. Interest rate is 10%
7. PV single sum ($i= 10\%$, $n= 6$) = 0.56447 and PV of annuity due ($i= 10\%$, $n= 6$) = 4.79079

Required

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

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 2017, 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*****