

Question One (30 Points): Answer the following questions:

1. Given the following account balances at year end:

Cash	€1,500,000
Accounts Receivable	4,000,000
Trademarks	2,000,000
Goodwill	4,500,000
Research Costs	2,000,000

Compute the total intangible assets on the statement of financial position for the company.

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2. Omar Corporation sold equipment for \$10,000. The equipment had an original cost of \$36,000 and accumulated depreciation of \$18,000 at the date of the sale. Determine the amount of loss or gain that should be recognized as a result of this transaction.

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3. Ahmad's company has total receipts for the month of May of €28,750 including sales taxes. If the sales tax rate is 10%, what amount of sales revenue did the company earn in May?
4. Delmar Company purchased a building on January 1 by signing a long-term \$480,000 mortgage with monthly payments of \$4,400. The mortgage carries an interest rate of 6%. The balance of the mortgage payable after the first payment will be

5. Rami Corporation is a publicly held corporation whose shares are publicly traded. On December 5, the corporation acquired land by issuing 5,000 shares of its \$20 par value ordinary shares. The fair value of the land was 100,000, and the market value per share at the date of the purchase was \$17. Determine the amount of the land that the company will record in its books.

6. On December 31, 2010, Ahmad Co. purchased equity securities as trading securities. Pertinent data are as follows:

Security	Cost	Fair Value
A	\$932,000	\$1,032,000
B	468,000	518,000
C	688,000	428,000

The amount of unrealized gain or loss that should be recognized by the company is:

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7. Nizar Company has the following information available:

Net Income	\$25,000
Cash Provided by Operations	31,000
Capital Expenditures	10,000
Dividends Paid	3,000

What is free cash flow

8. Nizar Company had net credit sales during the year of £1,350,000 and cost of goods sold of £750,000. The balance in accounts receivable at the beginning of the year was £120,000, and the end of the year it was £180,000. What was the accounts receivable turnover ratio?

9. ABC Company's comparative statements of financial position are presented below:

	2011	2012
equipment	60,000	70,000
accumulated depreciation	(14,000)	(10,000)
investments	21,000	16,000
accounts receivable	24,200	22,300
cash	15,200	17,700
total	106,400	116,000

share capital-ordinary	50,000	45,000
retained earnings	31,800	29,900
bonds payable	11,000	30,000
accounts payable	13,600	11,100
total	106,400	116,000

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Additional information:

- Net income was \$20,300.
- Dividends declared and paid were \$16,400
- Equipment that cost \$10,000 and had accumulated depreciation of \$3,200 was sold for \$2,000.
- All other changes in non-current account balances had a direct effect on cash flows, except for the change in accumulated depreciation.

Determine the amount of net cash flow provided (used) by operating activities?

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10. Using the following information:

	12/31/10
Accounts receivable	€1,050,000
Allowance	(90,000)
Cash realizable value	€960,000

During 2011, sales on account were €290,000 and collections on account were €172,000. Also during 2011, the company wrote off €16,000 in uncollectible accounts. An analysis of outstanding receivable accounts at year end indicated that uncollectible accounts should be estimated at €105,000. Bad debts expense for 2011 is

11. Black Company provides for bad debts expense at the rate of 3% of credit sales. The following data are available for 2011:

Allowance for doubtful accounts, 1/1/11 (Cr.).....	\$ 10,500
Accounts written off as uncollectible during 2011.....	6,500
Credit sales in 2011	1,500,000

The Allowance for Doubtful Accounts balance at December 31, 2011, should be:

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12. XYZ Corporation retires its £500,000 face value bonds at 103 on January 1, following the payment of annual interest. The carrying value of the bonds at the redemption date is \$518,250. Determine the amount of loss or gain that should be recognized as a result of this transaction:

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13. In a recent year ABC Corporation had net income of \$200,000, interest expense of \$50,000, and a times interest earned ratio of 9. What was ABC Corporation's income before taxes for the year?

14. The following data is available for BOX Corporation at December 31, 2011:
- | | |
|---|----------|
| Ordinary shares, per €10 (authorized 15,000 shares) | €100,000 |
| Treasury Shares (at cost €10 per share) | 600 |
- Based on the data, how many ordinary shares are outstanding?

15. Wilton Company reported net income of \$60,000 for the year. During the year, accounts receivable decreased by \$7,000, accounts payable increased by \$3,000 and depreciation expense of \$5,000 was recorded. Net cash provided by operating activities for the year is

Question Two(4 Points):

A company purchased factory equipment on April 1, 2011 for €80,000. It is estimated that the equipment will have a €10,000 residual value at the end of its 4-year useful life. Compute the **accumulated depreciation** at December 31, 2012 using:

1. The straight line method
2. The double declining balance method

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Question Three (4 Points):

Amman Company had the following transactions during 2011:

1. Issued \$60,000 of par value ordinary shares for cash.
2. Repaid a 6 year note payable in the amount of \$22,000.
3. Acquired land by issuing ordinary shares of par value \$100,000.
4. Declared and paid a cash dividend of \$2,000.
5. Sold a long-term investment (cost \$63,000) for cash of \$9,000.
6. Acquired an investment in IBM shares for cash of \$12,000.

1. What is the net cash provided (used) by investing activities?
2. What is the net cash provided (used) by financing activities

Question Four (6 Points):

On January 1, 2011, XYZ Corporation had the following equity accounts:

Share capital- ordinary (\$20 par value, 60,000 shares issued and outstanding)	\$1,200,000
Share premium - ordinary	200,000
Retained earnings	500,000

Required: Journalize the following transactions

1. **January 1, 2011** Declared \$150,000 cash dividends to shareholders
2. **July 1, 2011** Announced a 5-for-1 share split.
3. **December 31, 2011** Declared a 10% share dividend to shareholders. On December, 31 the market price was \$6 per share

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Question Five (6 Points):

Journalize the following transactions occurred for ABC Company pertaining to share investments:

1. **Feb. 1, 2011** Purchased 3,000 shares of Horton Company (10%) for £50,000 cash.
2. **June 1, 2011** Received cash dividends of £1.5 per share on Horton shares.
3. **Oct. 1, 2011** Sold 1,200 Horton shares for £24,000.