24
35

BIRZEIT UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
ACCOUNTING DEPARTMENT

LECTURERS: Dr. ZEYAD MUNAWER
SAMIA SHAMMAS

SECOND SEM. 2013/2014
SECOND HOUR EXAM

ACCT335

Student Name: Belal Saleh

Student #: 1121573 **Section Time:** M: 12:30

Multiple Choices

1	c
2	~~B~~
3	~~d~~
4	c
5	B
6	d
7	c
8	~~B~~ d
9	d
10	a
11	~~b~~
12	~~d~~
13	b
14	~~d~~
15	~~c~~

6
10

8

6/10

Required
Use the following table to fill-in your answers.

Transaction	Amount	Reporting	Effect
1.Cash dividends paid	~~170~~	F	CO
2.Depreciation expense	30	O	~~CO~~
3.Cash proceeds from sale of long term investment	~~80~~	~~O~~	CI
4.Issuance of capital stock for cash	~~200~~	F	CI
5.Retirement of bonds payable	250	F	~~CI~~
6.Purchase of plant assets for cash	~~200~~	I	CO
7.Non Cash issuance of common stock in exchange for Plant assets	~~X~~	~~N~~	NC

Reporting Choices	Effect
O. Operating **I. Investing** **F. Financing** **S. Supplementary Information** **N. Not reported on PAL-Vest 's statement of cash flows**	**CI. Cash Inflows** **CO. Cash Outflows** **NC. Non Cash item**

cash

mid

10. Sharek Inc assigns $1,500,000 of its accounts receivables as collateral for a $1 million loan with a bank. The bank assesses a 3% finance fee on loan and charges interest on the note at 6%. What would be the journal entry to record this transaction?

a. Debit Cash for $970,000, debit Finance Charge for $30,000, and credit Notes payable for $1,000,000.
b. Debit Cash for $970,000, debit Finance Charge for $30,000, and credit Accounts Receivable for $1,000,000.
c. Debit Cash for $970,000, debit Finance Charge for $30,000, debit Due from Bank for $500,000, and credit Accounts Receivable for $1,500,000.
d. Debit Cash for $910,000, debit Finance Charge for $90,000, and credit Notes Payable for $1,000,000.

11. PAL-Safe has recently acquired notes receivable and decides on December 31, 2012, to use the fair value option for these receivables. The notes receivable have a fair value of $750,000 and a carrying amount of $645,000. At December 31, 2012, PAL-Safe makes an adjusting entry Debit/Credit to:

a. Dr. Notes Receivable 150,000.
b. Cr. Unrealized Holding Gain or Loss-Equity 105,000.
c. Cr. Unrealized Holding Gain or Loss-Income 105,000.
d. Cr. Notes Receivable 105000.

12. Marrawi Company requires a new manufacturing facility in Nablus. Management found four locations; all of which would provide needed capacity, the only difference is the price. Location A may be purchased for $500,000. Location B may be acquired with a down payment of $100,000 and annual payments at the end of each of the next twenty years of $50,000. Location C requires $40,000 payments at the beginning of each of the next twenty-five years. Location D requires $45,000 payments at the end of each of twenty-five years starting after 5 years. Assuming Marrawi's borrowing costs are 8% per annum, which option is the least costly to Marrawi Company?

Information on present value factors is as follows:

Present value of 1 at 8% for 4 periods	0.74
Present value of an ordinary annuity of 1 at 8% for 20 periods	9.82
Present value of an ordinary annuity of 1 at 8% for 25 periods	10.67

a. Location D.
b. Location C.
c. Location A.
d. Location B.

13. Al-Pinar Co. disclosed in the notes to its financial statements that a significant number of its unsecured
trade account receivables are with companies that operate in the same industry. This disclosure is to inform financial statement users of the existence of:

a. Concentration of market risk.
b. Concentration of credit risk.
c. Risk of measurement uncertainty.
d. Off-balance sheet risk of accounting loss.

14. Accounting policies disclosed in the notes to the financial statements typically include all of the following except
   a. significant inventory purchasing policies
   b. the depreciation methods used
   c. significant estimates made
   d. the cost flow assumption used

15. Which of the following is not a required supplemental disclosure for the balance sheet?
   a. Contingencies
   b. Contractual situations
   c. Accounting policies
   d. Financial forecasts