Note: Answer [£] questions only
Q \// Choose correct answer :
\. Notes receivable are recognized in the accounts at
a. cash (net) realizable value. b- Face value.
c. gross realizable value. d- Maturity value
Y- Sally Company receives a ID½·····, Y-month. A% promissory note from Hala company in settlement of an open accounts receivable .what entry will Sally company make upon receiving the note?
a. From\Notes Receivable £ . A . ,
To\Accounts Receivable—hala Company
b. From\Notes Receivable £ . A
To\Accounts Receivable—hala Company
Interest Revenue
c. From\ Notes Receivable £,
Interest Receivable ^ · · · ·
To\ Accounts Receivable—Hala Company
Interest Revenue
d. From\ Notes Receivable
To\ Accounts Receivable—Hala Company
~- While calculating cash from operating activities will added.
a- Decrease in current assets. b- Increase in Accounts receivable.
c-Decrease in current liabilities. d- All the above.
£- The cost of goods available for sale is allocated to the cost of goods sold and the:
a-beginning inventory. b- ending inventory.
c- cost of goods purchased. d-gross profit.
°- in accounting for stock investments between $\forall \cdot \%$ and $\circ \cdot \%$ the method is used
a- consolidated statement b- controlling interest. C- cost. d- Equity

7- sold Equipment will effect on the :

a- Financing activities. b- operating activities.

c- investing activities. d- No one of above.

Q $^{\gamma}$ //: Al Razan company purchased a machine for $ID^{\xi\xi}\cdots$ and paid $ID^{\xi}\cdots$ for customs and $ID^{\gamma}\cdots$ for installation cost, the company expect the service life of the machine to be five years. During that time it is expected that the machine will produce $^{\gamma}\wedge\cdots$ unite with a salvage value $ID^{\lambda}\cdots$. The machine was disposed of after five years of use actual production during the five years of the asset's life

Year	Produced		
1	٤٨٠٠٠		
۲	٧		
٣	97		
٤	77		
٥	**		
Total	Y 		

Required: Compute the depreciation expense according to: (a) double declining—balance method.(b)units-of-production method, and prepare the journal entries for the first three years and effect on balance sheet.

Q \(^{\mathcal{r}}\)/: Al Najaf Company uses the perpetual inventory system and the LIFO method. The following information is available for the month of May:

May	١	beginning inventory	Y · units @ ID • · · ·
	١.	purchase	۲۰ units @ ID ۸۰۰۰
	10	Sales	o units @ ID o
	۱۸	Purchase	۱۰ units @ ID ۹۰۰۰
	۲۱	Sales	TT units @ ID \T
•	۳.	Purchase	· · units @ ID · · · ·

Required: A// prepare a schedule to show cost of goods sold and the value of the ending inventory for the month of May.

B// Compute the net income for the month of May.

Fay Company has the following data at December 4 , 5 , 1 of for its securities. Q^{2} /:

Securities	Cost (ID)	Fair Value (ID)
Trading	9	97
Available-for-sale	Vo	V

Instruction:

Total

- **\'- Prepare the adjusting entries to report the securities at fair value.**
- Y- Indict the statement presentation of the related unrealized gain(loss) accounts for each class of securities
- Q \circ //: The financial statement of Babel Company appear below:

BABEL COMPANY

Comparative Balance Sheet December *\

	<u>Assets</u> Y.10	Y . 1 £		
Cash	ID *4	ID 44		
Accounts receivable	**	w £		
Inventory	Yo	10		
Plant and equipment	•	٧٨٠٠٠		
Accumulated depreciation	(****	(*****)		
Total	ID <u>17</u>	ID 177		
Liabilities and Stockholder's Equity				
Account payable	ID	ıo ID		
Income taxes payable	14	۸		
Bonds payable	٧	~~		
Common stock	٤١٠٠٠	7 £		
Retained earnings	£ £	٣٨٠٠٠		

<u>ID 17....</u> <u>ID 177...</u>

BABEL COMPANY

Income statement

For the year Ended December *1,7.10

Sales	ID **	
Cost of goods sold		۲۸
Gross profit		v
Selling expenses	ID 4	
Administrative expenses	17	<u>(**)</u>
Income from operation		76
Interest expense		٤٠٠٠
Income before income tax		٣٠٠٠
Income tax expense		1
Net income	<u>I</u>	<u>D Y · · · ·</u>

The following additional information were provided

- 1- Dividends declared and paid were ID 15...
- Y- During the year equipment was sold for ID YY ... cash, this equipment cost ID YA ... originally and had a book value of ID YY ... at the time of sale.
- **~** All the depreciation expense is in the selling expense category.
- **4-** All sales and purchases are on account.
- ^o-Accounts payable pertain to merchandise suppliers.
- 7- All operating expenses except for depreciation were paid in cash.

Good luck

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A.P. Fayhaa A. Mahmood

Head of Department

Lecturer