**Student's Name:** ............................... ID: .....................................

**Subject:** ..........................................................................................

**Term:** ..............................................................................................

**Class Schedule:** .......................................................................

**Financial Accounting 2, Term 4 April 2024**
**Final Exam, Date 26 July 2024:**
**(100 marks in total)**

## I. Ideal Questions (5 marks per item of the ideal questions)

(1) What are the advantages and disadvantages account receivables to a firm?
(2) What are the differences between Allowance Method and Direct Write-off Method for uncollectible account receivable?
(3) What is the definition of a plant asset? What is different type of plant assets? How different between a plant asset and a current asset?
(4) How to allocate cost of a plant asset into an expense? Give your explanations to each method of the cost allocation of a plant asset.
(5) How many forms of business company are there in general?
(6) Give the definition of partnership. How many forms of partnership are there? Give your explanation to each form of partnership.
(7) What are the advantages and disadvantages of each form of the partnership?
(8) What is corporation? How many forms of corporation are there?
(9) How different between corporation and partnership? Give your explanation and characteristics of corporation.
(10) What are the advantages and disadvantages of each form of corporation?

## II. Problems (10 marks per item of the problems)

**1.** Gomez Corp. uses the allowance method to account for uncollectibles. On January 31, it wrote off an $800 account of a customer, C. Green. On March 9, it receives a $300 payment from Green.

1). Prepare the journal entry or entries for January 31.
2). Prepare the journal entry or entries for March 9; assume no additional money is expected from Green.

**2.** The following monthly data are taken from Ramirez Company at July 31: sales salaries, $200,000; office salaries, $160,000; federal income taxes withheld, $90,000; state income taxes withheld, $20,000; Social Security taxes withheld, $22,320; Medicare taxes withheld, $5,220; medical insurance premiums, $7,000; life insurance premiums, $4,000; union dues deducted, $1,000; and salaries subject to unemployment taxes, $50,000. The employee pays 40% of medical and life insurance premiums.

**Required:**

Prepare journal entries to record:
(1) accrued payroll, including employee deductions, for July;
(2) cash payment of the net payroll (salaries payable) for July;
(3) accrued employer payroll taxes, and other related employment expenses, for July—assume that FICA taxes are identical to those on employees and that SUTA taxes are 5.4% and FUTA taxes are 0.6%; and
(4) cash payment of all liabilities related to the July payroll.

**3.** Martinez Company owns a building that appears on its prior year-end balance sheet at its original $572,000 cost less $429,000 accumulated depreciation. The building is depreciated on a straight-line basis assuming a 20-year life and no salvage value. During the first week in January of the current calendar year, major structural repairs are completed on the building at a $68,350 cost. The repairs extend its useful life for 5 years beyond the 20 years originally estimated.

   a. Determine the building's age (plant asset age) as of the prior year-end balance sheet date.
   b. Prepare the entry to record the cost of the structural repairs that are paid in cash.
   c. Determine the book value of the building immediately after the repairs are recorded.
   d. Prepare the entry to record the current calendar year's depreciation.

**4.** Diaz Company owns a milling machine that cost $250,000 and has accumulated depreciation of $182,000. Prepare the entry to record the disposal of the milling machine on January 3 under each of the following independent situations.

   a. The machine needed extensive repairs, and it was not worth repairing. Diaz disposed of the machine, receiving nothing in return.
   b. Diaz sold the machine for $35,000 cash.
   c. Diaz sold the machine for $68,000 cash.
   d. Diaz sold the machine for $80,000 cash.

**5.** Timberly Construction negotiates a lump-sum purchase of several assets from a company that is going out of business. The purchase is completed on January 1, 2015, at a total cash price of $900,000 for a building, land, land improvements, and four vehicles. The estimated market values of the assets are building, $508,800; land, $297,600; land improvements, $28,800; and four vehicles, $124,800. The company's fiscal year ends on December 31.

**Required**

   a. Prepare a table to allocate the lump-sum purchase price to the separate assets purchased (round per- cents to the nearest 1%). Prepare the journal entry to record the purchase.
   b. Compute the depreciation expense for year 2015 on the building using the straight-line method, assuming a 15-year life and a $27,000 salvage value.
   c. Compute the depreciation expense for year 2015 on the land improvements assuming a five-year life and double-declining-balance depreciation.

## III. Instructions

- ***Answer all questions of the ideal questions and problems individually***
- ***Send your answer in PDF format through individual telegram to your lecturer by mid-night of 27 July 2024.***

***Good Luck!***