

Tentin päivämäärä / Date of exam: 16.1.2014
Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam: 721197S Advanced International Accounting (2)
Tentaattori(t)/ Examiner(s): Henry Jarva
Sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Laskin (ei graafinen/ohjelmoitava)/Calculator (not graphic, programmable) <input checked="" type="checkbox"/> Sanakirja/Dictionary <input type="checkbox"/> Muu materiaali, tarkennettu alla/Other material, specified below
Tenttiin vastaaminen / Please answer the questions <input checked="" type="checkbox"/> suomeksi/ in Finnish <input checked="" type="checkbox"/> englanniksi/ in English
Kysymyspaperi on palautettava / Paper with exam questions must be returned: <input type="checkbox"/> Kyllä/Yes <input checked="" type="checkbox"/> Ei/No

1. Initial measurement of value of an asset: How the value is defined when an asset is recognized initially? (6 points)
2. What indicators, at least, companies have to consider when considering whether impairment of an asset may have occurred? (6 points)
- 3a. Assume Entity A on December 15, 2012, acquires 1,000 shares in Entity B at a per share price of €55 for a total of €55,000 and classifies them as at fair value through profit or loss. On December 31, 2012, the quoted price of Entity B increases to €62, such that the fair value of all shares held in Entity B now equals 62,000. On January 1, 2013, Entity A sells the shares for a total of €62,000.

**Required:**

- a) Prepare the journal entries on these three dates.
  - b) If Entity A instead had classified the shares as available for sale, the journal entries would be? (3 points)
- 3b. During 2013, Entity A acquires and incurs these financial assets and liabilities:
- a) A debt security that is held for trading is purchased for €50,000. Transaction costs of €200 are incurred.
  - b) Equity securities classified as at fair value through profit or loss are purchased for €20,000. The dealer fee paid is €375.
  - c) A bond classified as available for sale is purchased at a premium to par. The par value is €100,000 and the premium is €1,000 (such that the total amount paid is €101,000). In addition, transaction costs of €1,500 are incurred.
  - d) A bond measured at amortized cost is issued for €30,000. Issuance costs are €600,

**Required:**

Determine the initial carrying amount of each of these financial instruments. (3 points)