

YLEISEN TENTIN TENTTILOMAKE - GENERAL EXAM FORM

Opiskelija täyttää / Student fills in

Opiskelijan nimi / Student name: Click here to enter text.	Opiskelijanumero / Student number: Click here to enter text.
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Opettaja täyttää / Lecturer fills in

Opintojakson koodi / The code of the course: 721197S	
Opintojakson (tentin) nimi / The name of the course or exam: Advanced International Accounting	
Opintopistemäärä / Credit units: 6 Mikäli kyseessä on välikoe, opintopistemääräksi täytetään 0 op. 0 ECTS Credits is used for mid-term exams.	
Tiedekunta / Faculty: Oulu Business School	
Tentin pvm / Date of exam: 20.03.2019	Tentin kesto tunteina / Exam in hours: 3 h
Tentaattori(t) / Examiner(s): Anna Rossi	Sisäinen postiosoite / Internal address: 6OyKKK
Tentissä sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Funktiolaskin / Scientific calculator <input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator <input type="checkbox"/> Muu tentissä sallittu materiaali tai apuvälineet. Tarkenna alla. / Other material or devices, allowed in the exam. Specify below. Click here to enter text. <input type="checkbox"/> Tentissä ei ole sallittua käyttää apuvälineitä / The devices are not allowed in the exam	
Muut tenttiä koskevat ohjeet opiskelijalle (esimerkiksi kuinka moneen kysymyksen opiskelijan tulee vastata) / Other instructions for students e.g. how many questions he/she should answer: Click here to enter text.	

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Tentin kysymykset / Exam questions:

1. What is fair value according to IFRS 13? How should firms estimate fair values?
2. Solomon had 160,000 common shares outstanding as of January 1, 2011. Solomon had also a liability component of \$1 million attributable to convertible bonds which are due in 15 years. Solomon applies a 5% interest rate to determine the annual interest expense. Each \$1,000 bond is potentially convertible into 10 shares of common stock.
On February 9, 2009, Solomon issued options to buy 20,000 shares of common stock at exercise price of \$100 per share. They options expire on February 9, 2012. The average market price of common shares during 2011 was \$114.
On September 1, 2011 Solomon issued additional 40,000 common shares.
Solomon's net income for 2011 was \$1,257,331.
Solomon's tax rate is 35%.

Required:

Compute basic and diluted earnings per share (EPS) for 2011

3. The following facts pertain to a non-cancellable lease agreement between *Faldo Leasing Company* and *Shigeki Company*, a lessee.

Inception date	January 1, 2019
Annual lease payment due at the beginning of each year, beginning with January 1, 2019	€124,798
Residual value of equipment at end of lease term, guaranteed by the lessee	€50,000
Lease term	6 years
Economic life of leased equipment	6 years
Fair value of asset at January 1, 2019	€600,000
Lessor's implicit rate	12%
Lessee's incremental borrowing rate	12%

The lessee assumes responsibility for all executory costs, which are expected to amount to €5,000 per year. The asset will revert to the lessor at the end of the lease term. The lessee has guaranteed the residual value of €50,000. The lessee uses the straight-line depreciation method for all equipment.

Required:

- a) Prepare an amortization schedule that would be suitable for the lessee for the lease term.
- b) Prepare all of the journal entries for the lessee for 2019 and 2020 to record the lease agreement, the lease payments, and all expenses related to this lease. Assume the lessee's annual accounting period ends on December 31 and reversing entries are used when appropriate.

Opettajalle: Jos tenttikysymykset sisältävät matemaattisia kaavoja, kuvia tms. sisältöä, joka ei saa muuttua, toimita tämä tenttilomake docx-muodossa ja varsinaiset tenttikysymykset erillisenä