SIR ARTHUR LEWIS COMMUNITY COLLEGE
ACADEMIC YEAR (2024/2025) – SEMESTER TWO
END OF SEMESTER EXAMINATION
(ALTERNATE)

COURSE CODE	**:**	ACC301
COURSE TITLE	**:**	Intermediate Financial Accounting I
LECTURER(S)	**:**	F. Beerom-Henry
DATE	**:**	
TIME	**:**	
DURATION	**:**	1 hr 20 Mins
STUDENT ID #	**:**	____________________

GENERAL INFORMATION AND INSTRUCTIONS

- This assessment has 3 extended response questions.
- Answer ALL questions.
- Use of non-financial calculator is required.

Question 1

Tangerine Industries successfully tendered for a 3-year contract build four new Tech-Voc school complexes. The following information has been provided.

Contract price - $25 000 000			
	2022	**2023**	**2024**
Cost during year	$ 4 000 000	$8 000 000	$8 100 000
Estimated cost to complete	16 000 000	8 050 000	0
Progress billings during year	4 500 000	7 000 000	13 500 000
Cash collected during year	4 200 000	6 800 000	14 000 000

i. Complete the following schedule to compute revenue and gross profit to recognize in the year.

	2022	**2023**	**2024**
Cost to date			
Estimated cost to complete			
Total estimated cost			
Percentage complete			
Total contract price			
Total estimated cost			
Estimated gross profit or loss			
Revenue to recognize to date			
Less: Revenue previously recognized			
Revenue to recognize in year			
Estimated gross profit to recognize to date			
Less: Gross profit or loss previously recognized			
Gross profit or loss to recognize in year			

[**27 marks**]

ii. Prepare the necessary journal entries for **2023** to record revenue, costs and expenses.

[**3 marks**]

Total 30 marks

Question 2

Tangerine Industries made the following property, plant and equipment acquisitions during the year 2024. The following journal entries were presented to you by the new and inexperienced Accounts Clerk under your supervision for review.

Apr 4: Tangerine purchased store equipment by making a $2,000 cash down payment and signing a 1-year $23,000, 10% note payable. The acquisition was recorded as follows:

Equipment	$27,300	
Cash		$ 2,000
Accounts Payable		23,000
Interest Payable		2,300

Jun 12: Tangerine acquired land, buildings and equipment from Orange Inc., a bankrupt company, for a lump-sum amount of $680,000. At the time of the purchase, Orange's assets had the following book and appraisal values.

	Book Values	**Appraisal Values**
Land	$200,000	$150,000
Buildings	230,000	350,000
Equipment	300,000	300,000

To be conservative, the Accounts Clerk decided to take the lower of the two values for each asset acquired. The following entry was made:

Land	$150,000	
Buildings	230,000	
Equipment	300,000	
Cash		$680,000

Required:
Review all of the accounting entries made by your junior staff and make any necessary correction to reflect the entry that should have been made at the date of each acquisition.

[10 marks]

Question 3

Tangerine Industries recently exchanged a piece of manufacturing equipment for another piece of equipment owned by Orange Inc. Tangerine Industries was required to pay an amount of cash to finalize the exchange which has commercial substance. The following information was obtained regarding the exchange:

	Tangerine	**Orange**
Equipment, at cost	$50,000	$42,000
Accumulated depreciation	20,000	16,000
Equipment, fair value	34,000	38,000
Cash paid	4,000	-

Required:
i. Prepare the necessary journal entry required by Tangerine Industries to record the exchange. [**5 marks**]

ii. Prepare the necessary journal entry required by Orange Inc. to record the exchange. [**5 marks**]

Total 10 marks

END OF EXAMINATION