



ISEG - LISBOA SCHOOL OF ECONOMICS AND MANAGEMENT
ACCOUNTING 1

Date: June, 6th 2014

Duration: 2 hours

Degree: _____ **Class:** _____

Name: _____ **No.:** _____

PART 1 (2.0 points)

Elaborate on the differences and similarities between the concepts of Accumulated Impairment Losses and Accumulated Depreciation.

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PART 2 (4.5 points)

Identify, **with justification**, the correct answers:

1. (1.5 points) In January of year N, a company purchased industrial equipment that is being depreciated by the straight line method. In December of year N+4, after recording the depreciation of the period, the equipment was presented in the Balance Sheet for 1,800 €. The annual depreciation rate is 12.5%. The acquisition cost of the industrial equipment was:

a)	3,600 €;
b)	4,200 €;
c)	4,800 €;
d)	5,400 €;
e)	None of the above.

Justification:

2. (1.5 points) A company had recognized a provision in the amount of 30,000 € in relation to a law suit filed by a worker. Several months later, the court ruled that the company should pay to the worker a 29,500 € compensation. The company's lawyer decides not to appeal the decision. The company should now:

a)	Recognize a staff expense and a payment in the amount of 29,500 €;
b)	Recognize a reversal of an impairment loss in staff in the amount of 500 € and a payment in the amount of 29,500 €;
c)	Use the provision and recognize a payment in the amount of 29,500 €;
d)	Use the provision in the amount of 30,000 €, recognize a reversal of the provision in the amount of 500 € and a payment in the amount of 29,500 €;
e)	None of the above.

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Justification:

3. (1.5 points) The following information regarding company X is known in relation to the dates 31/Dec/N and 31/Dec/N-1 (in €):

	31/Dec/N	31/Dec/N-1
62 ESSE – Insurance	8,600	8,200
28 Deferrals – Prepaid Expenses (Insurance)	1,900	1,500

The amount of insurance premiums paid for, in year N, was:

a)	7,100 €;
b)	8,200 €;
c)	6,700 €;
d)	9,000 €;
e)	10,500 €.

Justification:

Name: _____ No: _____

PART 3 (8 points)

Company Gama markets frozen products. The accountant presented the verifying trial balance at 31/Dec/2013. Before closing the year 2013, the following situations **that had not yet been recorded or needed adjustments** were identified. Present the necessary recordings in the corresponding available space. The company adopts the periodic inventory system.

OP 1 (2 points) – In December 2013, the company purchased frozen products, on account, in the amount of 30,000 € (+VAT 23%). In September 2013, the company had made an advanced payment of 12,300 € (VAT 23% included). The advanced payment has already been recorded.

OP 2 (2 points) – In November, the company purchased 1,000 listed shares in the amount of 20,000 € and paid fees to a broker in the amount of 300 €. At 31/Dec/N, the unitary market price of the shares is 21 €. No recordings have been made regarding these shares.

Name: _____ No.: _____

OP 3 (2 points) – The company estimated the recoverable amount in Trade Accounts Receivable to be 221,000 €. The account “211 – Trade Accounts Receivable – Current Account” showed a debit balance of 223,500€. The account “219 – Trade Accounts Receivable - Accumulated Impairment Losses” had a credit balance of 27,000 €. In face of this information record the necessary adjustments.

OP 4 (1 point) – In December, 1st, the company bought a vehicle for 50,000€ (+IVA 23%), cash. No recordings have been made regarding this vehicle.

OP 5 (1 point) – The company paid income tax in the amount of 55,000 €.

Name: _____ No.: _____

PART 4 (5.5 points)

In 31/Dec/2013, company ALFA's trial balance is as follows:

Account	Debit Balance	Credit Balance
Cash	100	
Demand Bank Deposits	1,200	
Term Bank Deposits	600	
Trade Accounts Receivable	1,880	
Trade Accounts Payable		6,200
Obtained Loans (*)		25,000
State and Other Public Entities	40	250
Other Accounts Receivable (**)	700	
Other Accounts Payable (**)		500
Merchandise	3,000	
Fixed Tangible Assets	31,680	
Intangible Assets	2,000	
Investments in Progress	1,000	
Capital		10,000
Legal Reserves		500
Retained Earnings	2,500	
Cost of Goods Sold	22,500	
External Supplies and Services Expenses	6,900	
Staff Expenses	8,600	
Depreciation Expenses	4,200	
Other Expenses and Losses	750	
Sales' revenue		450,000
Other revenues and gains		5,200
Total	87,650	87,650

(*) 5-year obtained loan.

(**) short term accounts receivable and payable.

- Knowing that the corporate income tax rate is of 25%, calculate the amount of earnings before taxes and of net income of the period (2 points).

2. Present the company ALFA’s Balance Sheet at December, 31st 2013 (3.5 points).

Assets	
Non-Current Assets	
Current Assets	
Total Assets	
Shareholders’ Equity	
Total Shareholders’ Equity	
Liabilities	
Non-Current Liabilities	
Current Liabilities	
Total Liabilities	
Total Shareholders’ Equity and Liabilities	