**Assignment (1)**

**Deadline: Saturday 12/10/2024 @ 23:59**

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| Course Name: Advanced Financial Accounting | Student’s Name: |
| Course Code: ACCT 302 | Student’s ID Number: |
| Semester: First Semester | CRN: 13480 |
| Academic Year: 1446 H (2024-2025) | |

**For Instructor’s Use only**

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| Instructor’s Name: Dr. Mohammed Arshad Khan | |
| Students’ Grade: /15 | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. **This includes filling your information on the cover page.**
* Students must mention question number clearly in their answer.
* Late submission will **NOT** be accepted.
* Avoid plagiarism, **the work should be in your own words**, copying from students or other resources without proper referencing will result in **ZERO** marks. No exceptions.
* All answers must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism.
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s): (Marks 15)**

**Q1.**  From the Given information Calculate the Book Value and pass Elimination entry: (5 Marks)

1. PQR Ltd owns 75% of STV Ltd.
2. STV Ltd ’s net income for 20X4 is SAR 250,000
3. PQR Ltd’s net income for 20X4 from its own separate operations is SAR 500,000.
4. STV Ltd’s declares dividends of SAR 36,000 during 20X4.
5. STV Ltd has 20,000 shares of $5 par stock outstanding that were originally issued at $15 per share.
6. STV Ltd’s beginning balance in Retained Earnings for 20X4 is SAR 150,000

**Answer:**

Book Value Calculation:

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**Elimination Entry**

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| --- | --- | --- | --- | --- |
| **Date** | **Description** | **PF** | **Debit SAR** | **Credit SAR** |
|  |  |  |  |  |
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Q.2 The following intercompany transactions occurred during the year: (4 Marks)

* Parent loaned $12500 to Sub. To keep things simple, assume that there is no interest revenue or interest expense associated with this loan.
* Parent made a sale to Sub for $13000 cash. The inventory had originally cost Parent $12220. Sub then sold that same inventory to an outsider for $14000.
* Parent made a sale to Sub for $15000 cash. The inventory had originally cost Parent $11280. Sub has not yet sold that same inventory to an outsider. (Don’t forget equity method entry!)

Based on our “conceptual discussion,” what consolidation worksheet entries would you make?

Solution:

Q3. Acquisition with Differential: (6 MARKS)

Road Corporation acquired all of Conger Corporation’s voting shares on January 1, 20X2, for $470,000. At that time Conger reported common stock outstanding of $80,000 and retained earnings of $130,000. The book values of Conger’s assets and liabilities approximated fair values, except for land, which had a book value of $80,000 and a fair value of $100,000, and buildings, which had a book value of $220,000 and a fair value of $400,000. Land and buildings are the only noncurrent assets that Conger holds.

Required

a. Compute the amount of goodwill at the date of acquisition.

b. Give the eliminating entry or entries required immediately following the acquisition to prepare a consolidated balance sheet.

**Answer:**

**a. Goodwill calculated as follows:**

**b.**