

系所組別：會計學系甲組

考試科目：財務會計學

考試日期：0224，節次：1

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MULTIPLE CHOICE (30%)

1. On January 15, 2011, Vancey Company paid property taxes on its factory building for the calendar year 2011 in the amount of \$560,000. In the first week of April 2011, Vancey made unanticipated major repairs to its plant equipment at a cost of \$1,400,000. These repairs will benefit operations for the remainder of the calendar year. How should these expenses be reflected in Vancey's quarterly income statements?

	<u>Three Months Ended</u>			
	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>	<u>12/31/11</u>
a.	\$140,000	\$606,667	\$606,667	\$606,667
b.	\$140,000	\$1,540,000	\$140,000	\$140,000
c.	\$560,000	\$1,400,000	\$ -0-	\$ -0-
d.	\$490,000	\$490,000	\$490,000	\$490,000
e.	\$560,000	\$466,667	\$466,667	\$466,667

2. Unruh Corp. and its divisions are engaged solely in manufacturing operations. The following data (consistent with prior years' data) pertain to the industries in which operations were conducted for the year ended December 31, 2011.

<u>Industry</u>	<u>Assets</u>		
	<u>Revenue</u>	<u>Profit</u>	<u>12/31/11</u>
A	\$ 8,000,000	\$1,320,000	\$16,000,000
B	6,400,000	1,120,000	14,000,000
C	4,800,000	960,000	10,000,000
D	2,400,000	440,000	5,200,000
E	3,400,000	540,000	5,600,000
F	<u>1,200,000</u>	<u>180,000</u>	<u>2,400,000</u>
	<u>\$26,200,000</u>	<u>\$4,560,000</u>	<u>\$53,200,000</u>

In its segment information for 2011, how many reportable segments does Unruh have?

- a. Two
 - b. Three
 - c. Four
 - d. Five
 - e. Six
3. During 2011, Oldham Corporation, which uses the allowance method of accounting for doubtful accounts, recorded a provision for bad debt expense of \$25,000 and in addition it wrote off, as uncollectible, accounts receivable of \$10,000. As a result of these transactions, net cash flows from operating activities would be calculated (indirect method) by adjusting net income with a

(背面仍有題目,請繼續作答)

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- a. \$25,000 increase.
- b. \$10,000 increase.
- c. \$15,000 increase.
- d. \$15,000 decrease.
- e. \$25,000 decrease.

4. Black, Inc. is a calendar-year corporation whose financial statements for 2010 and 2011 included errors as follows:

<u>Year</u>	<u>Ending Inventory</u>	<u>Depreciation Expense</u>
2010	\$162,000 overstated	\$135,000 overstated
2011	54,000 understated	45,000 understated

Assume that purchases were recorded correctly and that no correcting entries were made at December 31, 2010, or at December 31, 2011. Ignoring income taxes, by how much should Black's retained earnings be retroactively adjusted at January 1, 2012?

- a. \$144,000 increase
- b. \$36,000 increase
- c. \$18,000 decrease
- d. \$9,000 increase
- e. \$190,000 increase

5. As a result of a discontinued operation, Wimbledon Ltd. is curtailing some benefits provided in its pension plan. It has the following data related to the plan.

Defined benefit obligation (Credit)	€(1,500)
Fair value of plan assets (Debit)	<u>1,350</u>
Funded status	(150)
Unrecognized actuarial gains (Credit)	(30)
Unrecognized past service costs (PSC) (Debit)	<u>80</u>
Pension asset/liability	<u>€ (100)</u>

The curtailment results in a €180 reduction in the defined benefit obligation (there is no impact on the plan assets). The employees affected comprise 20% of all employees in the plan. What journal entry would be recorded for the curtailment by Wimbledon?

- a. Pension Asset/Liability 170
 Gain on curtailment 170
- b. Pension Asset/Liability 180
 Gain on curtailment 180

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c. Pension Asset/Liability	30	
Gain on curtailment		30
d. Pension Asset/Liability	210	
Gain on curtailment		210
e. Pension Asset/Liability	150	
Gain on curtailment		150

6. Didde Corp. prepared the following reconciliation of income per books with income per tax return for the year ended December 31, 2011:

Book income before income taxes	\$1,200,000
Add temporary difference	
Construction contract revenue which will reverse in 2012	160,000
Deduct temporary difference	
Depreciation expense which will reverse in equal amounts in each of the next four years	<u>(640,000)</u>
Taxable income	<u>\$720,000</u>

Didde's effective income tax rate is 34% for 2011. What amount should Didde report in its 2011 income statement as the current provision for income taxes?

- a. \$54,400
b. \$244,800
c. \$408,000
d. \$462,400
e. \$190,400
7. Palmer Construction Company has consistently used the percentage-of-completion method of recognizing income. In 2010 Palmer started work on a \$3,000,000 construction contract, which was completed in 2011. The accounting records disclosed the following data:

	<u>2010</u>	<u>2011</u>
Progress billings	\$1,100,000	\$1,900,000
Costs incurred	900,000	1,800,000
Collections	700,000	2,300,000
Estimated cost to completed	1,800,000	

How much gross profit should Palmer have recognized in 2010?

- a. \$100,000
b. \$110,000
c. \$150,000

(背面仍有題目,請繼續作答)

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d. \$200,000

e. \$220,000

8. The following information relates to Windom Company for 2012:

Realized gain on sale of non-trading securities	\$15,000
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Unrealized holding gains arising during the period on non-trading securities	35,000
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Reclassification adjustment for gains included in net income	10,000
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Windom's 2012 other comprehensive income is

a. \$25,000.

b. \$40,000.

c. \$50,000.

d. \$60,000.

e. \$35,000.

9. On January 2, 2012, for past services, Rosen Corp. granted Nenn Pine, its president, 16,000 share appreciation rights that are exercisable immediately and expire on January 2, 2013. On exercise, Nenn is entitled to receive cash for the excess of the market price of the shares on the exercise date over the market price on the grant date. Nenn did not exercise any of the rights during 2010. The market price of Rosen's shares was \$30 on January 2, 2012, and \$45 on December 31, 2012. As a result of the share appreciation rights, Rosen should recognize compensation expense for 2012 of

a. \$0.

b. \$80,000.

c. \$240,000.

d. \$480,000.

e. \$520,000.

10. Nolte Co. has 4,000,000 ordinary shares outstanding on December 31, 2010. An additional 200,000 shares are issued on April 1, 2011, and 480,000 more on September 1. On October 1, Nolte issued \$6,000,000 of 9% convertible bonds. Each \$1,000 bond is convertible into 40 ordinary shares. No bonds have been converted. The number of shares to be used in computing basic earnings per share and diluted earnings per share on December 31, 2011 is

a. 4,310,000 and 4,310,000.

b. 4,310,000 and 4,370,000.

c. 4,310,000 and 4,550,000.

d. 4,550,000 and 5,320,000.

e. 5,080,000 and 5,320,000.

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PROBLEMS (70%)

1. Ford Inc. plans to acquire an additional machine on January 1, 2010 to meet the growing demand for its product. Stever Company offers to provide the machine to Ford using either of the options listed below (each option gives Ford exactly the same machine and gives Stever Company approximately the same net present value cash equivalent at 10%).

Option 1 — Cash purchase \$800,000.

Option 2 — Installment purchase requiring 15 annual payments of \$105,179 due December 31 each year.

The expected economic life of this machine to Ford is 15 years. Salvage value at that time is estimated to be \$50,000. Straight-line depreciation is used. Interest expense under Option 2 is computed using the effective interest method.

Instructions (16%)

Based upon IFRS, state how, if at all, the book value of the machine and the obligation should appear on the December 31, 2010 statement of financial position of Ford Inc., for each option. Present your answer on an answer sheet in the following format. If an item should not appear in the statement of financial position, write "not shown" opposite the option. (Annuity Factor 10% over 15 years = 7.60608)

<u>Assets</u>		<u>Liabilities</u>	
<u>Account Name</u>	<u>Amount</u>	<u>Account Name</u>	<u>Amount</u>

Option 1

Option 2

2. On May 31, 2011, Armstrong Company paid \$3,500,000 to acquire all of the common stock of Hall Corporation, which became a division of Armstrong. Hall reported the following statement of financial position at the time of the acquisition:

Non-current assets	\$2,700,000	Equity	\$2,500,000
Current assets	<u>900,000</u>	Non-current liabilities	500,000
		Current liabilities	<u>\$ 600,000</u>
Total assets	<u>\$3,600,000</u>	Total equity and liabilities	<u>\$3,600,000</u>

It was determined at the date of the purchase that the fair value of the identifiable net assets of Hall was \$2,800,000. At December 31, 2011, Hall reports the following statement of financial position information:

Current assets	\$ 800,000
Non-current assets (including goodwill recognized in purchase)	2,400,000

(背面仍有題目,請繼續作答)

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Current liabilities	(700,000)
Non-current liabilities	<u>(500,000)</u>
Net assets	<u>\$2,000,000</u>

It is determined that the recoverable amount value of the Hall division is \$2,100,000.

Instructions (15%)

- Compute the amount of goodwill recognized, if any, on May 31, 2011.
- Determine the impairment loss, if any, to be recorded on December 31, 2011.
- Assume that the recoverable amount of the Hall division is \$1,900,000 instead of \$2,100,000. Prepare the journal entry to record the impairment loss, if any, on December 31, 2011.

3. Taiwan Semiconductor Manufacturing Company or TSMC (台積電) is the world's largest dedicated independent semiconductor foundry, with its headquarters and main operations located in the Hsinchu Science and Industrial Park in Hsinchu, Taiwan. Below please find the free cash flow (operating cash flow minus capital expenditures) of TSMC from year 1998 to 2011. (All figures in the table are expressed in thousands of dollars)

Year	Cash Flow from Operating	Capital Expenditure
1998	32027172	41113609
1999	45302382	51459113
2000	94786197	103761905
2001	75817712	70201205
2002	98507225	55235458
2003	116037114	37870907
2004	153150905	81094557
2005	157013054	79878724
2006	204996986	78737265
2007	183766668	84000985
2008	221493565	59222654
2009	159966465	87784906
2010	229475766	186944203
2011	247587051	213962521

Instructions (39%)

- Please try to answer why TSMC continues to generate strong free cash flows.
- Please try to answer why TSMC substantially increased capital expenditures in 2010 and 2011.
- Please try to answer how TSMC can gain competitive advantage over rivals by using its sufficient free cash flow.