國立成功大學 104 學年度碩士班招生考試試題

系所組別：會計學系甲組

考試科目：財務會計學

※ 考生請注意：本試題可使用計算機。 請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

A. CHOICE (45%, 3% for each question)

1. Keen Company's accounting records indicated the following information:

Inventory, 1/1/15	$ 600,000
Purchases during 2015	3,000,000
Sales during 2015	3,800,000

A physical inventory taken on December 31, 2015, resulted in an ending inventory of $700,000. Keen's gross profit on sales has remained constant at 25% in recent years. Keen suspects some inventory may have been taken by a new employee. At December 31, 2015, what is the estimated cost of missing inventory?

a. $50,000.
b. $150,000.
c. $200,000.
d. $250,000.

2. If a corporation purchases a lot and building and subsequently tears down the building and uses the property as a parking lot, the proper accounting treatment of the cost of the building would depend on

a. the significance of the cost allocated to the building in relation to the combined cost of the lot and building.
b. the length of time for which the building was held prior to its demolition.
c. the contemplated future use of the parking lot.
d. the intention of management for the property when the building was acquired.

3. On September 10, 2015, Jenks Co. incurred the following costs for one of its printing presses:

Purchase of attachment	$55,000
Installation of attachment	5,000
Replacement parts for renovation of press	18,000
Labor and overhead in connection with renovation of press	7,000

Neither the attachment nor the renovation increased the estimated useful life of the press. However, the renovation resulted in significantly increased productivity. What amount of the costs should be capitalized?

a. $0.
b. $67,000.
c. $78,000.
d. $85,000.

4. January 2, 2012, Koll, Inc. purchased a patent for a new consumer product for $450,000. At the time of purchase, the patent was valid for 15 years; however, the patent's useful life was estimated to be only 10 years due to the competitive nature of the product. On December 31, 2015, the product was permanently withdrawn from the market under governmental order because of a potential health hazard in the product. What amount should Koll charge against income during 2015, assuming amortization is recorded at the end of each year?

a. $45,000
b. $270,000

c. $315,000
d. $360,000

5. If a company constructs a laboratory building to be used as a research and development facility, the cost of the laboratory building is matched against earnings as
   a. research and development expense in the period(s) of construction.
   b. depreciation deducted as part of research and development costs.
   c. depreciation or immediate write-off depending on company policy.
   d. an expense at such time as productive research and development has been obtained from the facility.

6. Where is debt callable by the creditor reported on the debtor's financial statements?
   a. Non-current liability.
   b. Current liability if the creditor intends to call the debt within the year, otherwise a non-current liability.
   c. Current liability if it is probable that creditor will call the debt within the year, otherwise a non-current liability.
   d. Current liability.

7. Included in Vernon Corp.'s liability account balances at December 31, 2014, were the following:

7% note payable issued October 1, 2014, maturing September 30, 2015	$250,000
8% note payable issued April 1, 2014, payable in six equal annual installments of $100,000 beginning April 1, 2015	600,000

   Vernon's December 31, 2014 financial statements were issued on March 31, 2015. On January 15, 2015, the entire $600,000 balance of the 8% note was refinanced by issuance of a long-term obligation payable in a lump sum. In addition, on March 10, 2015, Vernon consummated a noncancelable agreement with the lender to refinance the 7%, $250,000 note on a long-term basis, on readily determinable terms that have not yet been implemented. On the December 31, 2014 statement of financial position, the amount of the notes payable that Vernon should classify as short-term obligations is
   a. $350,000.
   b. $250,000.
   c. $100,000.
   d. $0.

8. Bond issuance costs, including the printing costs and legal fees associated with the issuance, should be
   a. expensed in the period when the debt is issued.
   b. recorded as a reduction in the carrying value of bonds payable.
   c. accumulated in a deferred charge account and amortized over the life of the bonds.
   d. reported as an expense in the period the bonds mature or are retired.

9. Long-term debt that matures within one year and is to be converted into shares should be reported
   a. as a current liability.
   b. in a special section between liabilities and equity.
   c. as part current and part non-current.
   d. as non-current if the refinancing agreement is completed by the end of the year.

10. A corporation declared a dividend, a portion of which was liquidating. How would this distribution affect each of the following?

	Share Premium	Retained Earnings
a.	Decrease	No effect
b.	Decrease	Decrease
c.	No effect	Decrease
d.	No effect	No effect

11. On December 31, 2015, Gonzalez Company granted some of its executives options to purchase 100,000 shares of the company's $10 par ordinary shares at an option price of $50 per share. The Black-Scholes option pricing model determines total compensation expense to be $750,000. The options become exercisable on January 1, 2016, and represent compensation for executives' services over a three-year period beginning January 1, 2016. At December 31, 2016 none of the executives had exercised their options. What is the impact on Gonzalez's net income for the year ended December 31, 2016 as a result of this transaction under the fair value method?
    a. $250,000 increase.
    b. $750,000 decrease.
    c. $250,000 decrease.
    d. $0.

12. In computing earnings per share, the equivalent number of shares of convertible preference shares are added as an adjustment to the denominator (number of shares outstanding). If the preference shares are cumulative, which amount should then be added as an adjustment to the numerator (net earnings)?
    a. Annual preference dividend
    b. Annual preference dividend times (one minus the income tax rate)
    c. Annual preference dividend times the income tax rate
    d. Annual preference dividend divided by the income tax rate

13. Royce Company holds a portfolio of debt investments. The debt investments are not held-for-collection but managed to profit from interest rate changes. As a result, it accounts for these investments at fair value. As part of its strategic planning process, completed in the fourth quarter of 2015, Royce management decides to move from its prior strategy—which requires active management—to a held-for-collection strategy for these debt investments. The company will account for this change

	Method	Implementation
a.	Retrospectively	2015
b.	Prospectively	2016
c.	Retrospectively	2016
d.	Prospectively	2015

14. Under IFRS, a company
    a. Should evaluate every investment for impairment.
    b. Accounts for an impairment as an unrealized loss, and includes it as a part of other comprehensive income and as a component of other accumulated comprehensive income until realized.

c. Calculates the impairment loss on debt investments as the difference between the carrying amount plus accrued interest and the expected future cash flows discounted at the investment's historical effective-interest rate.
d. All of these answer choices are correct.

15. On January 15, 2014, Bella Vista Company enters into a contract to build custom equipment for ABC Carpet Company. The contract specified a delivery date of March 1. The equipment was not delivered until March 31. The contract required full payment of $75,000 30 days after delivery. This contract should be
a. recorded on January 15, 2014.
b. recorded on March 1, 2014.
c. recorded on March 31, 2014.
d. recorded on April 30, 2014.

B. CALCULATION (55%)

1. Krause Company on January 1, 2016, enters into a five-year noncancelable lease, with four renewal options of one year each, for equipment having an estimated useful life of 10 years and a fair value to the lessor, Daly Corp., at the inception of the lease of $3,000,000. Krause's incremental borrowing rate is 8%. Krause uses the straight-line method to depreciate its assets. The lease contains the following provisions:
   1. Rental payments of $219,000 including $19,000 for property taxes, payable at the beginning of each six-month period.
   2. A termination penalty assuring renewal of the lease for a period of four years after expiration of the initial lease term.
   3. An option allowing the lessor to extend the lease one year beyond the last renewal exercised by the lessee.
   4. A guarantee by Krause Company that Daly Corp. will realize $100,000 from selling the asset at the expiration of the lease. However, the actual residual value is expected to be $60,000.

   Instructions
   (a) What kind of lease is this to Krause Company? (3%)
   (b) What are the minimum lease payments? (5%)
   (c) What is the present value of the minimum lease payments? (PV factor for annuity due of 20 semi-annual payments at 8% annual rate, 14.13394; PV factor for amount due in 20 interest periods at 8% annual rate, .45639.) (Round to nearest dollar.) (5%)
   (d) What journal entries would Krause record during the first year of the lease? (Include an amortization schedule through 1/1/17 and round to the nearest dollar.) (10%)

2. The net *changes* in the statement of financial position accounts of Keating Corporation for the year 2016 are shown below.

Account	Debit	Credit
Cash	$82,000	
Short-term investments		$121,000
Accounts receivable	83,200	
Allowance for doubtful accounts		13,300
Inventory	74,200	

Prepaid expenses		17,800
Investment in subsidiary (equity method)		20,000
Plant and equipment	210,000	
Accumulated depreciation		130,000
Accounts payable	80,700	
Accrued liabilities		21,500
Deferred tax liability	15,500	
8% serial bonds		80,000
Share capital-ordinary, $10 par		90,000
Share premium-ordinary		150,000
Retained earnings—Appropriation for bonded indebtedness	60,000	
Retained earnings—Unappropriated	38,000	
	$643,600	$643,600

An analysis of the Retained Earnings—Unappropriated account follows:

Retained earnings unappropriated, December 31, 2015		$1,300,000
Add: Net income		327,000
Transfer from appropriation for bonded indebtedness		60,000
Total		$1,687,000
Deduct: Cash dividends	$185,000	
Share dividend	240,000	425,000
Retained earnings unappropriated, December 31, 2016		$1,262,000

1. On January 2, 2011 short-term investments (classified as non-trading) costing $121,000 were sold for $155,000.
2. The company paid a cash dividend on February 1, 2016.
3. Accounts receivable of $16,200 and $19,400 were considered uncollectible and written off in 2016 and 2015, respectively.
4. Major repairs of $33,000 to the equipment were debited to the Accumulated Depreciation account during the year. No assets were retired during 2016.
5. The wholly owned subsidiary reported a net loss for the year of $20,000. The loss was recorded by the parent.
6. At January 1, 2016, the cash balance was $166,000.

Instructions

Prepare a statement of cash flows (indirect method) for the year ended December 31, 2016. Keating Corporation has no securities which are classified as cash equivalents. (16%)

3. Vance Company reported net incomes for a three-year period as follows:
   2014, $186,000;　2015, $189,000;　2016, $180,000.

   In reviewing the accounts in 2017 after the books for the prior year have been closed, you find that the following errors have been made in summarizing activities:

	2014	2015	2016
Overstatement of ending inventory	$42,000	$51,000	$24,000

Understatement of accrued advertising expense	6,600	12,000	7,200

Instructions

(a) Determine corrected net incomes for 2014, 2015, and 2016. (12%)

(b) Give the entry to bring the books of the company up to date in 2017, assuming that the books have been closed for 2016. (4%)