

※ 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。

**PART I: Choice 50% (Each for 2%)**

1. The following financial information is available for Ligutti Company:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 12,000	\$15,000
Accounts receivable	25,000	22,000
Buildings	108,000	45,000
Accumulated depreciation	(20,000)	(16,000)
Land	<u>30,000</u>	<u>20,000</u>
	<u>\$155,000</u>	<u>\$86,000</u>
Accounts payable	\$ 26,000	\$22,000
Long-term notes payable	50,000	20,000
Common stock	50,000	30,000
Retained earnings	<u>29,000</u>	<u>14,000</u>
	<u>\$155,000</u>	<u>\$86,000</u>

Additional information for Ligutti Company:

- Dividends paid totaled \$15,000.
- Net income was \$30,000.
- No buildings were sold during the year.

What was the net cash provided by (used in) operating activities?

- a. \$33,000
- b. \$30,000
- c. \$26,000
- d. \$35,000

2. Refer to Question 1. What was the net cash provided by (used in) financing activities?

- a. \$25,000
- b. \$35,000
- c. \$10,000
- d. \$45,000

3. Refer to Question 1. What was the net cash provided by (used in) investing activities?

- a. (\$63,000)
- b. (\$73,000)
- c. \$63,000
- d. \$73,000

4. On January 2, 2011, Oakwood, Inc., purchased \$800,000 of 10 percent, 10-year bonds for \$872,000. The bonds pay interest on January 1 and July 1 of each year. Oakwood uses straight-line amortization for all premiums or discounts. On July 1, 2014, Oakwood sold the bonds for \$832,000. How much gain or loss should Oakwood record on the sale?

- a. \$6,800 gain
- b. \$6,800 loss
- c. \$14,800 gain
- d. \$14,800 loss

5. Which of the following is NOT a basic right of a common stockholder?

- a. The right to vote for the board of directors
  - b. The preemptive right
  - c. The right to receive a dividend
  - d. The right to receive all excess assets once the obligations to others have been satisfied
6. Which of the following statements is FALSE?
- a. A liability is an item that involves a future transfer of resources.
  - b. A liability is an item that is measurable in monetary terms.
  - c. A liability is an item that represents an obligation of an enterprise.
  - d. A liability is an item that must be paid in cash.
7. Blake Co. provided \$5,000 of consulting services to Simmons Co. for which they have not yet received payment. When Blake billed Simmons for the consulting services, Blake mistakenly journalized and posted the transaction as a \$5,000 debit to Accounts Receivable and a \$5,000 credit to Unearned Consulting Fees. The entry Blake needs to make to correct this error is
- a. Debit Unearned Consulting Fees and credit Consulting Fees Earned for \$5,000
  - b. Debit Unearned Consulting Fees and credit Accounts Receivable for \$5,000
  - c. Debit Consulting Fees Earned and credit Accounts Receivable for \$5,000
  - d. Debit Consulting Fees Earned and credit Unearned Consulting Fees for \$5,000
8. Which of the following statements is true about disagreements in the financial statements of a company?
- a. Disagreements are a result of intentional mistakes made while recording or posting transactions.
  - b. Disagreements are not intentional and when detected are immediately corrected.
  - c. Disagreements result when different people arrive at different conclusions based on the same set of facts.
  - d. Disagreements are usually an intentional attempt at fraud.
9. The Talmage Company owns several shopping malls. One of the shopping malls is undergoing an underground renovation. Copeland Construction is the construction company that is performing these renovations. When is the most appropriate time to recognize revenue from this construction project?
- a. When the contract to perform the service was signed
  - b. When the construction work was started
  - c. At the end of each year, as a percentage completed for that year
  - d. After the project is completely finished
10. Sally is a college student who decided that she spends entirely too much time inside of the library studying. She decided to join a health club in order to become more active. After researching several Health Clubs and Gyms, Sally decided to purchase a membership at Deseret Health Club. Sally bought a contract for one year. Upon signing this contract, Sally agreed to pay an upfront membership fee, which will ensure use of the health facilities during the full year. She also agreed to pay a monthly fee that will be paid at the beginning of each month during the length of the contract. Assume that the up-front fee does not relate to a specific activity and is nonrefundable, when is the best time for Deseret Health Club to recognize the revenue for the up-front fee paid by Sally?
- a. Recognize it as soon as cash is received from Sally
  - b. Recognize it at the end of one year (at the end of Sally's contract)
  - c. Recognize it six months after the contract is signed
  - d. Allocate it over the life of the contract and recognize it as time passes
11. Because of the difficulties of getting prior period information, a company adopting IFRS Standards for the first time is not required to restate any prior year comparative figures.
- a. True
  - b. False

- 12.** Under IFRS Standards, most biological (agricultural) assets other than bearer plants are measured at fair value at each reporting date, with fair value changes recognized in profit or loss.
- a. True
  - b. False
- 13.** An important reason for global standards is that cross-border ownership of stocks and bonds amounts to many trillions of US dollars.
- a. True
  - b. False
- 14.** Company A, a manufacturing company, owns 60 percent of the voting shares in Company B, another manufacturing company. Under IFRS Standards, Company A is always required to prepare consolidated financial statements that include Company B.
- a. True
  - b. False
- 15.** An example of a contingent liability under IFRS Standards is a lawsuit against the company for which the outcome is still uncertain.
- a. True
  - b. False
- 16.** A summary of significant accounting policies must be included in the notes to IFRS financial statements.
- a. True
  - b. False
- 17.** Many academic studies of the use of IFRS Standards have concluded that IFRS Standards have improved efficiency of capital markets or promoted cross-border investment.
- a. True
  - b. False
- 18.** Under IFRS Standards, joint arrangements, joint operations and joint ventures all mean the same thing.
- a. True
  - b. False
- 19.** IFRS Standards require a listed company to disclose information about the different products and services it sells and the different geographical areas in which it operates.
- a. True
  - b. False
- 20.** The International Accounting Standards Board replaced the International Accounting Standards Committee in 2001.
- a. True
  - b. False
- 21.** A country's income tax rate in 2016 (current year) is 40%. In 2016, the government enacted an increase in the rate to 45% effective 1 January 2018. Under IFRS Standards, a deferred tax liability at 31 December 2016 that is expected to be paid in 2019 would be measured at 45%, not 40%.

- a. True
- b. False

22. Although a derivate is a financial instrument, it is not recognized as an asset or liability if there is no up-front cost or payment when the contract is entered into.

- a. True
- b. False

23. Some topics in full IFRS Standards are omitted from the *IFRS for SMEs* Standard because they are not relevant to typical small and medium-sized entities.

- a. True
- b. False

24. Under IFRS Standards, most non-current liabilities are measured on a discounted present value basis, but this is not the case for deferred tax liabilities.

- a. True
- b. False

25. In measuring the fair value of an investment, IFRS Standards do not permit an investor to “second guess” the quoted market price of an investment. That is, even if the investor is confident that the quoted market price undervalues an investment and the investor intends to hold on to the investment until the market turns around, IFRS Standards require that the investor measure fair value using the quoted market price.

- a. True
- b. False

**PART II: Calculation 50%**

1. 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, 2015, Hall reports the following statement of financial position information:

Current assets	\$ 800,000
Non-current assets (including goodwill recognized in purchase)	2,400,000
Current liabilities	(700,000)
Non-current liabilities	(500,000)
Net assets	\$2,000,000

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

**Instructions**

- (a) Compute the amount of goodwill recognized, if any, on May 31, 2015. (8%)
- (b) Determine the impairment loss, if any, to be recorded on December 31, 2015. (8%)
- (c) Assume that the recoverable amount of the Hall division is \$1,800,000 instead of \$2,100,000. Prepare the journal entry to record the impairment loss, if any, on December 31, 2015. (9%)

2. Benson Plastics Company deposits all receipts and makes all payments by check. The following

information is available from the cash records:

MARCH 31 BANK RECONCILIATION

Balance per bank	€26,746
Add: Deposits in transit	2,100
Deduct: Outstanding checks	<u>(3,800)</u>
Balance per books	<u>€25,046</u>

Month of April Results

	<u>Per Bank</u>	<u>Per Books</u>
Balance April 30	€27,995	€28,855
April deposits	10,784	13,889
April checks	11,600	10,080
April note collected (not included in April deposits)	3,000	-0-
April bank service charge	35	-0-
April NSF check of a customer returned by the bank (recorded by bank as a charge)	900	-0-

**Instructions**

- (a) Calculate the amount of the April 30:
1. Deposits in transit (8%)
  2. Outstanding checks (8%)
- (b) What is the April 30 adjusted cash balance? Show all work. (9%)