國立成功大學 104 學年度碩士班招生考試試題

系所組別：財務金融研究所

考試科目：中級會計

考試日期：0212，節次：2

※ 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 (60%, 4% for each question)

1. Use the following information for questions 1 and 2.
   Peavy Corp.'s transactions for the year ended December 31, 2016 included the following:
   - Acquired 50% of Gant Corp.'s ordinary shares for $180,000 cash which was borrowed from a bank.
   - Issued 5,000 of its preference shares for land having a fair value of $320,000.
   - Issued 500 of its 11% debenture bonds, due 2016, for $392,000 cash.
   - Purchased a patent for $220,000 cash.
   - Paid $120,000 toward a bank loan.
   - Sold non-trading investments for $796,000.
   - Had a net increase in returnable customer deposits (long-term) of $88,000.

   Peavy's net cash provided by investing activities for 2016 was
   a. $296,000.
   b. $396,000.
   c. $476,000.
   d. $616,000.

2. Peavy's net cash provided by financing activities for 2016 was
   a. $452,000.
   b. $540,000.
   c. $572,000.
   d. $660,000.

3. Which of the following is the best explanation for why IASB has classified accounting changes into different categories?
   a. IASB established categories based on the materiality of the changes involved.
   b. IASB classifies changes in the categories because each category involves different method of recognizing changes in the financial statements.
   c. IASB established categories based on the fact that some treatment are consider GAAP and some are not.
   d. IASB established the categories based on a survey of managers and their need to provide a favorable profit picture.

4. Stone Company changed its method of pricing inventories from average cost to FIFO. What type of accounting change does this represent?
   a. A change in accounting estimate for which the financial statements for prior periods included for comparative purposes should be presented as previously reported.
   b. A change in accounting policy for which the financial statements for prior periods included for comparative purposes should be presented as previously reported.
   c. A change in accounting estimate for which the financial statements for prior periods included for comparative purposes should be restated.
   d. A change in accounting policy for which the financial statements for prior periods included for comparative purposes should be restated.

5. Which of the following is correct regarding differences between IFRS and U.S. GAAP with regard to receivables?

a. Under IFRS de-recognition of a receivable is determined by using lack of control as the primary criterion.
b. U.S. GAAP permits the reversal of impairment losses, with the reversal limited to the asset's amortized cost before the impairment.
c. Under IFRS the fair value option is subject to certain qualifying criteria not in U.S. GAAP.
d. All of these answer choices are differences between IFRS and U.S. GAAP for receivables.

6. Dole Corp.'s accounts payable at December 31, 2015, totaled $800,000 before any necessary year-end adjustments relating to the following transactions:
- On December 27, 2015, Dole wrote and recorded checks to creditors totaling $350,000 causing an overdraft of $100,000 in Dole's bank account at December 31, 2015. The checks were mailed out on January 10, 2016.
- On December 28, 2015, Dole purchased and received goods for $150,000, terms 2/10, n/30. Dole records purchases and accounts payable at net amounts. The invoice was recorded and paid January 3, 2016.
- Goods shipped f.o.b. destination on December 20, 2015 from a vendor to Dole were received January 2, 2016. The invoice cost was $65,000.

At December 31, 2015, what amount should Dole report as total accounts payable?
a. $1,362,000.
b. $1,297,000.
c. $1,050,000.
d. $950,000.

7. Dub Dairy produces milk to sell to local and national ice cream producers. Dub Dairy began operations on January 1, 2015 by purchasing 840 milk cows for $1,176,000. The company controller had the following information available at year end relating to the cows:

Milking cows	
Carrying value, January1, 2015	$1,176,000
Change in fair value due to growth and price changes	365,000
Decrease in fair value due to harvest	(42,000)
Milk harvested during 2015	$54,000

At December 31, 2015, what is the value of the milking cows on Dub Dairy's statement of financial position?
a. $1,176,000
b. $1,541,000
c. $1,134,000
d. $1,499,000

8. On January 2, 2015, York Corp. replaced its boiler with a more efficient one. The following information was available on that date:

Purchase price of new boiler	$150,000
Carrying amount of old boiler	10,000
Fair value of old boiler	4,000
Installation cost of new boiler	20,000

The old boiler was sold for $4,000. What amount should York capitalize as the cost of the new boiler?
a. $170,000.

b. $166,000.
c. $160,000.
d. $150,000.

9. Felton Co. sells major household appliance service contracts for cash. The service contracts are for a one-year, two-year, or three-year period. Cash receipts from contracts are credited to unearned service contract revenues. This account had a balance of $480,000 at December 31, 2014 before year-end adjustment. Service contract costs are charged as incurred to the service contract expense account, which had a balance of $120,000 at December 31, 2014. Outstanding service contracts at December 31, 2014 expire as follows:

During 2015	During 2016	During 2017
$100,000	$160,000	$70,000

What amount should be reported as unearned service contract revenues in Felton's December 31, 2014 statement of financial position?
a. $360,000.
b. $330,000.
c. $240,000.
d. $220,000.

10. Which of the following is **not** a difference between IFRS and U.S. GAAP in according for non-current liabilities?
a. Non-current liabilities follow current liabilities on the statement of financial position under U.S. GAAP, but precede current liabilities under IFRS.
b. The criteria for recognizing environment liabilities is more stringent under U.S. GAAP compared to IFRS.
c. Bond issuance costs are recorded as a reduction of the carrying value of the debt under U.S. GAAP but are recorded as an asset and amortized to expense over the term of the debt under IFRS.
d. Under U.S. GAAP, bonds payable is recorded at the face amount and any premium or discount is recorded in a separate account. Under IFRS, bonds payable is recorded at the carrying value so no separate premium or discount accounts are used.

11. On January 1, 2016 Reese Company granted Jack Buchanan, an employee, an option to buy 100 shares of Reese Co. shares for $40 per share, the option exercisable for 5 years from date of grant. Using a fair value option pricing model, total compensation expense is determined to be $1,200. Buchanan exercised his option on September 1, 2016, and sold his 100 shares on December 1, 2016. Quoted market prices of Reese Co. shares during 2016 were:

January 1	$40 per share
September 1	$48 per share
December 1	$54 per share

The service period is for two years beginning January 1, 2016. As a result of the option granted to Buchanan, using the fair value method, Reese should recognize compensation expense for 2016 on its books in the amount of
a. $0.
b. $600.
c. $1,200
d. $1,400

12. Use the following information for questions 12 and 13.

In 2015, Fargo Corporation began construction work under a three-year contract. The contract price is €4,800,000. Fargo uses the percentage-of-completion method for financial accounting purposes. The income to be recognized each year is based on the proportion of costs incurred to total estimated costs for completing the contract. The financial statement presentations relating to this contract at December 31, 2015, follow:

Statement of Financial Position		
Accounts receivable—construction contract billings		€200,000
Construction in progress	€600,000	
Less contract billings	480,000	
Costs and recognized profit in excess of billings		120,000
Income Statement		
Income (before tax) on the contract recognized in 2015		€120,000

How much cash was collected in 2015 on this contract?
a. €200,000
b. €280,000
c. €40,000
d. €480,000

13. What was the initial estimated total income before tax on this contract?
a. €600,000
b. €640,000
c. €800,000
d. €960,000

14. Roche Pharmaceuticals entered into a licensing agreement with Zenith Lab for a new drug under development. Roche will receive $6,750,000 if the new drug receives FDA approval. Based on prior approval, Roche determines that it is 85% likely that the drug will gain approval. The transaction price of this arrangement should be
a. $6,750,000.
b. $5,737,500.
c. $1,012,500.
d. $0 until approval is received.

15. Didde Corp. prepared the following reconciliation of income per books with income per tax return for the year ended December 31, 2015:

Book income before income taxes	$1,200,000
Add temporary difference	
Construction contract revenue which will reverse in 2016	160,000
Deduct temporary difference	
Depreciation expense which will reverse in equal amounts in each of the next four years	(640,000)
Taxable income	$720,000

Didde's effective income tax rate is 34% for 2015. What amount should Didde report in its 2015 income statement as the current provision for income taxes?

a. $54,400
b. $244,800
c. $408,000
d. $462,400

B. CALCULATION (40%)

1. The controller for Haley Corporation is concerned about certain business transactions that the company experienced during 2016. The controller, after discussing these matters with various individuals, has come to you for advice. The transactions at issue are presented below.

   1. The company has decided to switch from the direct write-off method in accounting for bad debt expense to the percentage-of-sales approach. Assume that Haley Corporation has recognized bad debt expense as the receivables have actually become uncollectible in the following way:

	2015	2016
From 2015 sales	31,800	12,000
From 2016 sales		45,000

   The controller estimates that an additional $65,400 will be charged off in 2017: $11,400 applicable to 2015 sales and $54,000 to 2016 sales.

   2. Inventory has been shipped on consignment. These transactions have been recorded as ordinary sales and billed as such on account. At December 31, 2016, inventory billed and in the hands of consignees amounted to $400,000. The percentage markup on selling price is 20%. Assume that consigned inventory is sold the following year. The company uses the perpetual inventory system.

Instructions

(a) Assume that Haley Corporation reported net income of $1,000,000 for 2016. Present a schedule showing the corrected net income after reviewing the above transactions. (5%)

(b) Prepare the journal entries necessary at December 31, 2016, assuming that the books have been closed. (10%)

2. Gibbs Manufacturing Co. was incorporated on 1/2/15 but was unable to begin manufacturing activities until 8/1/15 because new factory facilities were not completed until that date. The Land and Building account at 12/31/15 per the books was as follows:

Date	Item	Amount
1/31/15	Land and dilapidated building	$200,000
2/28/15	Cost of removing building	4,000
4/1/15	Legal fees	6,000
5/1/15	Fire insurance premium payment	5,400
5/1/15	Special tax assessment for streets	4,500
5/1/15	Partial payment of new building construction	150,000
8/1/15	Final payment on building construction	150,000
8/1/15	General expenses	30,000
12/31/15	Asset write-up	75,000

$624,900

Additional information:

1. To acquire the land and building on 1/31/15, the company paid $100,000 cash and 1,000 ordinary shares of its (par value = $100/share) which is very actively traded and had a market price per share of $170.
2. When the old building was removed, Gibbs paid Kwik Demolition Co. $4,000, but also received $1,500 from the sale of salvaged material.
3. Legal fees covered the following:

Cost of organization	$2,500
Examination of title covering purchase of land	2,000
Legal work in connection with the building construction	1,500
	$6,000

4. The fire insurance premium covered premiums for a three-year term beginning May 1, 2015.
5. General expenses covered the following for the period 1/2/15 to 8/1/15.

President's salary	$20,000
Plant superintendent covering supervision of new building	10,000
	$30,000

6. Because of the rising land costs, the president was sure that the land was worth at least $75,000 more than what it cost the company.

Instructions

Determine the proper balances as of 12/31/15 for a separate land account and a separate building account. Use separate T-accounts (one for land and one for building) labeling all the relevant amounts and disclosing all computations. (10%)

3. At the financial statement date of December 31, 2014, the liabilities outstanding of Packard Corporation included the following:

1. Cash dividends on ordinary shares, $60,000, payable on January 15, 2015.
2. Note payable to Galena State Bank, $470,000, due January 20, 2015.
3. Serial bonds, $1,000,000, of which $250,000 mature during 2015.
4. Note payable to Third National Bank, $300,000, due January 27, 2015.

The following transactions occurred early in 2015:

January 15: The cash dividends on ordinary shares were paid.
January 20: The note payable to Galena State Bank was paid.
January 25: The corporation entered into a financing agreement with Galena State Bank, enabling it to borrow up to $500,000 at any time through the end of 2017. Amounts borrowed under the agreement would bear interest at 1% above the bank's prime rate and would mature 3 years from the date of the loan. The corporation immediately borrowed $400,000 to replace the cash used in paying its January 20 note to the bank.
January 26: 40,000 ordinary shares were issued for $350,000. $300,000 of the proceeds was used to liquidate the note payable to Third National Bank.
February 1: The financial statements for 2014 were issued.

Instructions

Prepare a partial statement of financial position for Packard Corporation, showing the manner in which the above liabilities should be presented at December 31, 2014. The liabilities should be properly classified between current and non-current. (15%)