東吳大學107學年度碩士班研究生招生考試試題

系級	會計學系碩士班	考試時間	100 分鐘
科目	中級會計學	本科總分	100 分

<u>The answer for all entries, please write in English.</u>

A. MULTIPLE CHOICE QUESTIONS (10%)

Please copy the following table on your answer sheet.

1.	2.	3.	4.	5.

1. What is a purpose of having a conceptual framework?
   a. To make sure that economic activity can be identified with a particular legal entity.
   b. To segregate activities among competing companies.
   c. To provide comparable information for different companies.
   d. To enable the profession to more quickly solve emerging practical problems and to provide a foundation from which to build more useful standards.

2. In the conceptual framework for financial reporting, what provides "the why"–the purpose of accounting?
   a. Recognition, measurement, and disclosure concepts such as assumptions, principles, and constraints
   b. Qualitative characteristics of accounting information
   c. Elements of financial statements
   d. Objective of financial reporting

3. Which of the following is a fundamental quality of useful accounting information?
   a. Comparability.
   b. Relevance.
   c. Neutrality.
   d. Materiality.

4. Adjusting entries are necessary to
   i. obtain a proper matching of expense to revenue.
   ii. achieve an accurate statement of assets and equities.
   iii. adjust assets and liabilities to their fair value.

   a. i
   b. ii
   c. iii
   d. i and ii

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5. Which of the following statements is false?
   a. Companies can prepare the income statement and the statement of financial position directly from the adjusted trial balance.
   b. Companies can prepare the statement of cash flows directly from the adjusted trial balance.
   c. The adjusted trial balance proves the equality of total debits and total credits after all adjustments.
   d. Each adjusting entry affects one statement of financial position account and one income statement account.

B. Given the following account information for Leong Corporation, all accounts have normal balances. Calculate the current ratio and the amounts of total equity for the company as of December 31, 2015. (5%)

Equipment	¥ 40,000
Interest Expense	2,400
Interest Payable	600
Retained Earnings	?
Dividends	50,400
Land	157,320
Inventory	102,000
Bonds Payable	78,000
Notes Payable (due in 6 months)	24,400
Share Capital–Ordinary	60,000
Accumulated Depreciation - Equip.	10,000
Prepaid Advertising	5,000
Revenue	351,400
Buildings	80,400
Supplies	1,860
Taxes Payable	3,000
Utilities Expense	1,320
Advertising Expense	1,560
Salaries and Wages Expense	53,040
Salaries and Wages Payable	900
Accumulated Depr. - Buildings	15,000
Cash	40,000
Depreciation Expense	8,000

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C. Pine Leasing Company purchased specialized equipment from Wayne Company on December 31, 2016 for $250,000. On the same date, it leased this equipment to Sears Company for 5 years, the useful life of the equipment. The lease payments begin January 1, 2017 and are made every 6 months until July 1, 2021. Pine Leasing wants to earn 10% annually on its investment.

Various Factors at 10%

Periods or Rents	Future Value of $1	Present Value of $1	Future Value of an Ordinary Annuity	Present Value of an Ordinary Annuity
9	2.35795	.42410	13.57948	5.75902
10	2.59374	.38554	15.93743	6.14457
11	2.85312	.35049	18.53117	6.49506

Various Factors at 5%

Periods or Rents	Future Value of $1	Present Value of $1	Future Value of an Ordinary Annuity	Present Value of an Ordinary Annuity
9	1.55133	.64461	11.02656	7.10782
10	1.62889	.61391	12.57789	7.72173
11	1.71034	.58468	14.20679	8.30641

Instructions (8%)

(a) Calculate the amount of each rent.

(b) How much interest revenue will Pine earn in 2017?

D. On May 1, Dexter, Inc. factored $400,000 of accounts receivable with Quick Finance on a without recourse basis. Under the arrangement, Dexter was to handle disputes concerning service, and Quick Finance was to make the collections, handle the sales discounts, and absorb the credit losses. Quick Finance assessed a finance charge of 6% of the total accounts receivable factored and retained an amount equal to 2% of the total receivables to cover sales discounts.

Instructions (12%)

(a) Prepare the journal entry required on Dexter's books on May 1.

(b) Prepare the journal entry required on Quick Finance's books on May 1.

(c) Assume Dexter factors the $400,000 of accounts receivable with Quick Finance on a *with* recourse basis instead. Prepare the journal entry required on Dexter's books on May 1.

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E. When you undertook the preparation of the financial statements for Telfer Company at January 31, 2017, the following data were available:

	At Cost	At Retail
Inventory, February 1, 2016	$70,800	$ 98,500
Markdowns		35,000
Markups		63,000
Markdown cancellations		20,000
Markup cancellations		10,000
Purchases	219,500	294,000
Sales		345,000
Purchases returns and allowances	4,300	5,500
Sales returns and allowances		10,000

Instructions(10%)

Compute the ending inventory at cost as of January 31, 2017, using the retail method which approximates lower of cost or net realizable value.

F. On July 31, 2017, King Company engaged Duval Tooling Company to construct a special-purpose piece of factory machinery. Construction began immediately and was completed on November 1, 2017. To help finance construction, on July 31 King issued a $400,000, 3-year, 11% note payable at Wellington National Bank, on which interest is payable each July 31. $300,000 of the proceeds of the note was paid to Duval on July 31. The remainder of the proceeds was temporarily invested in short-term marketable securities (trading securities) at 9% until November 1. On November l, King made a final $100,000 payment to Duval. Other than the note to Wellington, King only outstanding liability at December 31, 2017, is a $300,000, 8%, 6-year note payable, dated January 1, 2014, on which interest is payable each January 1.

Instructions (5%)

Calculate the total interest cost to be capitalized during 2017. (Round all computations to the nearest dollar.)

G. King, Inc. purchases equipment for $1,000,000 on January 2, 2016. The equipment has a useful life of five years, is depreciated using the straight-line method of depreciation, and its residual value is zero. King chooses to revalue its equipment to fair value over the life of equipment. King employs an independent appraiser, who determines that the fair value of equipment at December 31, 2016, is $950,000. Assuming no change in the useful life of the equipment, King determines through appraisal that the equipment now has a fair value of $550,000 at December 31, 2017.

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Instructions (12%)

Prepare the entries relating the revaluation for 2017 except for depreciation expense.

H. On January 1, 2015, Beyer Co. leased a building to Heins Corp. for a ten-year term at an annual rental of $80,000. At inception of the lease, Beyer received $320,000 covering the first two years' rent of $160,000 and a security deposit of $160,000. This deposit will not be returned to Heins upon expiration of the lease but will be applied to payment of rent for the last two years of the lease. What portion of the $320,000 should be shown as a current and non-current liability, respectively, in Beyer's December 31, 2015 statement of financial position? (4%)

I. On September 1, 2014, Herman Co. issued a note payable to National Bank in the amount of $1,200,000, bearing interest at 12%, and payable in three equal annual principal payments of $400,000. On this date, the bank's prime rate was 11%. The first payment for interest and principal was made on September 1, 2015. At December 31, 2015, what amount should Herman record accrued interest payable? (3%)

J. 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 non-cancelable 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, what is the amount of the notes payable that Vernon should classify as short-term obligations? (3%)

K. The following information was taken from the books and records of Ludwick, Inc.:

1. Net income — $ 280,000
2. Capital structure:
   a. Convertible 6% bonds. Each of the 300, $1,000 bonds is convertible into 50 ordinary shares at the present date and for the next 10 years. — 300,000
   b. $10 par, 200,000 ordinary shares issued and outstanding during the entire year. — 2,000,000
   c. Share warrants outstanding to buy 16,000 ordinary shares at $20 per share.

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3. Other information:

a.	Bonds converted during the year	None
b.	Income tax rate	30%
c.	Convertible debt was outstanding the entire year	
d.	Average market price per share of common stock during the year	$32
e.	Warrants were outstanding the entire year	
f.	Warrants exercised during the year	None

Instructions (8%)

Compute basic and diluted earnings per share.

L. The following information is available for the first three years of operations for Cooper Company:

1. Year Taxable Income

Year	Taxable Income
2016	$500,000
2017	330,000
2018	400,000

2. On January 2, 2016, heavy equipment costing $600,000 was purchased. The equipment had a life of 5 years and no residual value. The straight-line method of depreciation is used for book purposes and the tax depreciation taken each year is listed below:

Tax Depreciation

2016	2017	2018	2019	Total
$198,000	$270,000	$90,000	$42,000	$600,000

3. On January 2, 2017, $240,000 was collected in advance for rental of a building for a three-year period. The entire $240,000 was reported as taxable income in 2017, but $160,000 of the $240,000 was reported as unearned revenue at December 31, 2017 for book purposes.

4. The enacted tax rates are 40% for all years.

Instructions (10%)

Prepare the journal entry to record income tax expense, deferred income taxes, and income taxes payable for 2017.

M. The accountant for Marlin Corporation has developed the following information for the company's defined-benefit pension plan for 2017:

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Service cost	$500,000
Actual return on plan assets	260,000
Annual contribution to the plan	900,000
Past service cost, effective January 1, 2017	105,000
Benefits paid to retirees	60,000
Discount rate	10%
Accumulated OCI—Gain/Loss, January 1, 2017	0%

Instructions (10%)

Prepare the journal entry to reflect the accounting for the company's pension plan for the year ending December 31, 2017.

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