



1. Presented below is information related to Tainan Company.

	Cost	Retail
Beginning inventory	\$10,000	\$15,000
Purchases	35,000	55,000
Purchases returns	2,000	3,200
Purchases discounts	1,500	—
Gross sales (after employee discounts)	—	62,000
Sales returns	—	6,550
Markups	—	8,000
Markups cancellations	—	4,800
Markdowns	—	3,200
Markdowns cancellations	—	1,200
Freight-in	4,000	—
Employee discounts	—	1,000
Loss from breakage (normal shortage)	—	750

Tainan Company uses the conventional retail inventory method.

Instructions

- (a) Compute the cost-to-retail ratio.(4 分)
 (b) Compute the cost of the ending inventory.(4 分)

2. Taipei Company is constructing a building that qualifies for interest capitalization on January 1, 2010. The payments made by Taipei Company are shown in the schedule below.

Date	Amount
January 1, 2010	\$ 50,000
January 1, 2011	20,800
December 31, 2011	20,000
Total payments	<u>\$ 90,800</u>

To help finance construction, on January 1, 2010, Taipei Company issued a \$30,000, 3-year, 10% note payable at Golden National Bank, on which interest is payable each December 31. Other than the note to Golden National Bank, Taipei Company's only outstanding liability at December 31, 2011, is a \$50,000, 6%, 6-year note payable, dated January 1, 2008, on which interest is payable each December 31.

Instructions

- (a) Compute the amount of interest that should be capitalized in 2010.(3 分)
 (b) Compute the amount of interest that should be capitalized in 2011.(5 分)



3. On January 2, 2009, Taichung Company paid \$7,500,000 to acquire a machine. The machine had an estimated useful life of 5 years, with no residual value, at the date of acquisition. Taichung Company appropriately adopted straight-line method of depreciation for the machine. The following data is relevant to the machine :

	At December 31, 2010	At December 31, 2011
Value in use	\$4,000,000	\$3,500,000
Fair value less costs to sell	2,500,000	2,200,000

Instructions

- (a) Compute the depreciation expense of the machine for 2011.(3 分)
- (b) Prepare the journal entry to record the impairment loss or the recovery of impairment loss for 2011.(5 分)
4. Douliou Enterprises issued 75 \$1,000, convertible bonds on July 1, 2010, each convertible into 100 shares of common stock. The bonds were issued at face amount and pay interest quarterly at an annual rate of 8%. Income before income tax for Douliou Enterprises was \$10,000 for fiscal year ended December 31, 2011. Douliou Enterprises is subject to a 40% income tax rate. On January 1, 2011, 2,500 shares of common stock were outstanding. Assume that 25 of the 75 bonds were actually converted on July 1, 2011.

Instructions

- (a) Compute basic earnings per share for 2011.(3 分)
- (b) Compute diluted earnings per share for 2011.(5 分)
5. Yunline Construction Company obtained a contract to build an office building for a total contract price of \$9,000,000 on January 3, 2011. The office building was to be built at a total cost of \$8,000,000 and was scheduled for completion by December 1, 2013. Below are the data pertaining to the construction period.

	At December 31, 2011	At December 31, 2012	At December 31, 2013
Contract costs incurred to date	\$2,000,000	\$5,832,000	\$9,112,500
Estimated costs to complete	6,000,000	3,280,500	—
Progress billings to date	1,800,000	4,800,000	2,400,000
Cash collected to date	1,500,000	3,500,000	4,000,000

Instructions

- (a) Using the percentage-of-completion method, compute the estimated gross profit recognized



in the years 2011-2012.(6 分)

- (b) Prepare a partial balance sheet for December 31, 2012, showing the balances in the inventory accounts.(3 分)

6. Presented below are data taken from the records of Kaohsiung Company.

	December 31, 2011	December 31, 2010
Cash	\$ 12,000	\$ 18,000
Accounts receivable	124,000	98,000
Short-term investments (Available-for-sale)	70,000	36,000
Inventories	90,000	128,000
Patents	92,000	100,000
Equipment	308,000	260,000
Accumulated depreciation-equipment	70,000	50,000
Total assets	<u>\$626,000</u>	<u>\$590,000</u>
Accounts payable	\$ 92,000	\$ 84,000
Wages payable	16,000	8,000
Income taxes payable	8,000	12,000
Bonds payable	136,000	154,000
Capital stock, \$10 par	200,000	200,000
Additional paid-in capital	60,000	60,000
Retained earnings	114,000	72,000
Total liabilities and stockholders' equity	<u>\$626,000</u>	<u>\$590,000</u>

Additional information:

- (1) Net income as reported on the income statement for 2011 was \$54,000.
- (2) Equipment that cost \$60,000 and was 70% depreciated was sold during 2011 for \$22,000.
- (3) Cash dividends declared and paid totals \$12,000 during 2011. The payment of dividends was classified as the financing activity by Kaohsiung Company.
- (4) No unrealized gains or losses have occurred on the investments during 2011.

Instructions

- (a) Using the indirect method, compute the net cash flow from operating activities for 2011.(3 分)
- (b) Compute the net cash flow from investing activities for 2011.(3 分)
- (c) Compute the net cash flow from financing activities for 2011.(3 分)



7. The following facts pertain to a non-cancelable lease agreement between Faldo Leasing Company and Shigeki Company, a lessee.

Inception date:	January 1, 2010
Annual lease payment due at the beginning of each year, beginning with January 1, 2010	€ 124,798
Residual value of equipment at end of lease term, guaranteed by the lessee	€ 50,000
Lease term	6 years
Economic life of leased equipment	6 years
Fair value of asset at January 1, 2010	€ 600,000
Lessor's implicit rate	12%
Lessee's incremental borrowing rate	10%

The lessee assumes responsibility for all executory costs, which are expected to amount to €5,000 per year. The asset will revert to the lessor at the end of the lease term. The lessee has guaranteed the lessor a residual value of €50,000. The lessee uses the straight-line depreciation method for all equipment.

Instructions

Prepare all of the journal entries for the lessee for 2010 and 2011 to record the lease agreement, the lease payment, and all expenses related to this lease. Assume the lessee's annual accounting period ends on December 31. (15 分)

8. The following information has been obtained for the Gocker Corporation.
- (1) Prior to 2010, taxable income and pretax financial income were identical.
 - (2) Pretax financial income is \$1,700,000 in 2010 and \$1,400,000 in 2011.
 - (3) On January 1, 2010, equipment costing \$1,200,000 is purchased. It is to be depreciated on a straight-line basis over 5 years for tax purposes and over 8 years for financial reporting purposes. (Under applicable tax law, a half-year of tax depreciation is recorded in 2010 and 2015.)
 - (4) Interest of \$60,000 was earned on tax-exempt governmental obligations in 2011.
 - (5) Included in 2011 pretax financial income is a gain on discontinued operations of \$200,000, which is fully taxable.
 - (6) The tax rate is 30% for all periods.
 - (7) Taxable income is expected in all future years.



國立雲林科技大學

100 學年度碩士班暨碩士在職專班招生考試試題

系所：會計系

科目：財務會計學

Instructions

Prepare the journal entry to record 2011 income tax expense, income tax payable, and deferred taxes. (15 分)

9. Glesen Company sponsors a defined benefit pension plan for its employees. The following data relate to the operation of the plan for the years 2010 and 2011.

	<u>2010</u>	<u>2011</u>
Defined benefit obligation, January 1	\$ 650,000	
Plan assets (fair value) , January 1	410,000	
Pension asset/liability, January 1	80,000	Cr.
Unrecognized past service cost, January 1	160,000	
Service cost	40,000	\$ 59,000
Discount rate	9%	9%
Expected rate of return	10%	10%
Actual return on plan assets	36,000	61,000
Amortization of past service cost	70,000	55,000
Annual contributions	72,000	81,000
Benefits paid retirees	31,500	54,000
Increase in defined benefit obligation due to changes in actuarial assumptions	87,000	-0-
Average service life of all employees		20 years
Vested benefit obligation at December 31		464,000

Instructions

Compute the pension expenses for both years 2010 and 2011 using the corridor approach to amortize the unrecognized gain or loss. (20 分)