東吳大學 100 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

I、For each of the unrelated transactions described below, answer the related question.(36%)

(1)On January 1, 2010, Rocky, Inc. amended its pension plan and received a report from an actuary stating that Rocky will grant employees additional pension benefits of $500,000 based on their past service. The past service cost applicable to the vested employees is $50,000 and vests immediately. The residual past service cost related to twelve unvested employees, three were expected to retire at the end of the current year and three were expected to retire at the end of each of the next three years. **Compute the amount of prior service cost to be amortized in 2010, using the straight-line method.**

(2)On January 1, 2010, Quinn, Inc. established a stock appreciation rights plan for its key employees. It entitled them to receive cash at any time during the next four years since 2013 for the difference between the market price of its common stock and a pre-established price of $20 on 50,000 SARs. The service period is 3 year. On August 1, 2013, 10,000 SARs were exercised, when the market price of Quinn's common stock was $60. At the end of 2013, 35,000 SARs were not exercised. The fair value of the SARs is estimated as follows:

	2010/1/1	2012/12/31	2013/12/31
Fair value	$10	$20	$30

Calculate the expenses that related to the SARs plan for the year 2013.

(3)The following information relates to the Jones Company:

Net income	$500,000
Subsidiary gain under equity method	50,000
Decrease in inventory	5,000
Gain on sale of land (net of real estate tax $30,000)	150,000
Depreciation expense	40,000
Gain on sales of treasury stock	7,000
Increase in accounts payable	8,000
Increase in interest receivable	500

What is the net cash provided by operating activities?

(4)On January 1, 1981, Prebish Corporation sold 6% bonds having a maturity value of $1,500,000, which providers the bondholders with an 8% yield. The bonds are dated January 1, 1981, and mature January 1, 2014. Interest on the bonds is payable annually each December 31. On January 1, 2011, Prebish Co. retired the bonds; the market rate for the note is 12% at this time. **What amount of gain or loss should be recorded on this early bond retirement?** (Discount or premium is amortized by effective interest method.)

東吳大學100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

(5)The Galesburg Company purchased equipment at a cost of $40,000 on January 1, 2011. Galesburg immediately leased the equipment to the Dallas Company for a seven-year period with rental payments of $7,086 to be paid at the beginning of each year. The lessor's implicit interest rate in connection with the lease is 10%. The equipment is expected to have a guaranteed residual value of $4,000 at the end of the lease term, and an estimated useful life of 11 years. Galesburg Company paid $2,000 initial direct costs for the lease. All costs are known to the lessor, and collection of lease payments is expected. The present value of an ordinary annuity for six periods at 10% is 4.355261, and the present value of $1 at the end of seven periods at 10% is 0.513158. **On the lessor's books, what would be the amount reported as the "Net Investment" at the inception of the lease.**

(6)The Pierce Corporation estimates uncollectible accounts using a percentage of outstanding accounts receivable. After the year-end adjustment for bad debt expense was made, the company's records reflected the following information:

Accounts receivable at December 31	$300,000
Accounts written off	5,100
Collection on accounts previously written off	300
Allowance for uncollectible accounts at January 1	4,500
Bad debt percentage	1.4%

What was the bad debt expense for the year?

II、On January 1, 2008, Sarazan Company grants 5,000 share options to its CFO, Jayson. Each share option represents the right to purchase a $10 par value common share at a price equal to the fair value of the shares at the date of the grant. Vesting occurs if Jayson stays with the company for 5 years. The following data relate to the option grant.

Market share price at grant date	$60
Fair value of options at grant date	$10

On October 1, 2011, Jayson leaves the company.

Required：(12%)

(a)Determine the total compensation expense for the share-option plan.

(b)Prepare the journal entry to account for the forfeiture on October 1, 2011.

(c)Assuming that, rather than options, 5,000 shares of restricted shares were granted on January 1, 2008. Repeat the requirements for (a) and (b).

東吳大學100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

III、The Kern Corporation is an importer and wholesaler. Its merchandise is purchased from several suppliers and is warehoused by Kern Corporation until sold to consumers.

In conducting her audit for the year ended September 30, 2011, the corporation's CPA determined that the system of internal control was good. Accordingly, she observed the physical inventory at an interim date, August 31, 2011, instead of at year-end.

The CPA obtained the following information from the general ledger:

Sales for 11 months ended August 31, 2011	$1,008,000
Sales for year ended September 30, 2011	1,152,000
Purchases for 11 months ended August 31,2011(before audit adjustments)	810,000
Purchases for year ended September 30, 2011 (before audit adjustments)	960,000
Inventory, October l, 2010	105,000
Physical inventory, August 31, 2011	114,000

The CPA's audit disclosed the following information:

Shipments received in unsalable condition and excluded from physical inventory; credit memos had not been received nor had chargebacks to vendors been recorded:	
Total at August 31, 2011	$1,200
Total at September 30, 2011 (including the August unrecorded chargebacks)	$1,800
Shipments received in August and included in the physical inventory but recorded as September purchases	$9,000
Deposit made with vendor and charged to purchases in July 2011. Product was shipped in October 2011.	$2,400
Deposit made with vendor and charged to purchases in August 2011. Product was shipped, FOB destination, on August 28, 2011, and was included in August 31, 2011 physical inventory as goods in transit.	$6,600

Through the carelessness of the receiving department, a September shipment was damaged by rain. This shipment was later sold in September at its cost of $12,000.

Required：(12%)

In audit engagements in which interim physical inventories are observed, a frequently used auditing procedure is to test the reasonableness of the year- end inventory by the application of gross profit ratios. Prepare in good form the following schedules:

1. Computation of the gross profit ratio for 11 months ended August 31, 2011.
2. Computation by the gross profit ratio method of cost of goods sold during September 2011.
3. Computation by the gross profit ratio method of September 30, 2011 inventory.

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

IV、Dahlia Inc. acquired 10% of the outstanding common stock of Rigdon Inc. on January 2, 2010. The purchase price was $1,200,000 for 50,000 shares, and Dahlia Inc. paid the brokerage commissions, taxes, and fees of $60,000.

On April 2, 2011, Dahlia Inc. sold 20,000 shares of Rigdon's common stock at $40 per share. The following information is related to Rigdon Inc.

Rigdon Inc.	2010	2011
Declared and paid cash dividend on April 30	$300,000	$300,000
Reported net income	500,000	500,000
Fair value of stock per share at December 31	30	45

Required：You should use "IFRS 9：Financial Instruments" to answer the question. (10%)

Under the following assumption, what amount of the investment profit and loss would be reported in (a) net income and (b) other comprehensive income for comprehensive income statement for 2010 and 2011, respectively.

(1)Assuming the securities should be classified as trading.

(2)Assuming the securities should be classified as non-trading.

Use the following table to answer the questions:

	(1) trading		(2) non-trading	
	2010	2011	2010	2011
(a) net income				
(b) other comprehensive income				

V、On January 1, 2007, Zakin Company issued a $1,200,000, 5-year, zero-interest-bearing note to National Bank. The note was issued to yield 8% annual interest. Unfortunately, during 2009 Zakin fell into financial trouble. After reviewing all available evidence on December 31, 2009, National Bank decided that the loan was impaired. Zakin will probably pay back only $800,000 of the principal at maturity.

On January 1, 2012 Zakin Company can't pay the note due on that date, and Zakin and National agreed to a loan restructuring that Zakin issues a $1,000,000, three-year note bearing interest at 6% to National. The market rate for the note is estimated to be 12% at this time. Discount or premium is amortized by effective interest method.

Required：You should use "IAS 39：Financial Instruments: Recognition and Measurement" to answer the question. (20%)

(a)Compute the loss National Bank will suffer from Zakin's financial distress on December 31, 2009.

(b)Compute the interest revenue that National Bank should recognize in 2010.

(c)Compute the gain or loss that Zakin and National should recognize under the loan restructuring on January 1, 2012. (The answer should indicate gain or loss.)

(d)Compute the interest expense and interest revenue that Zakin and National should recognize in 2012, respectively.

東吳大學100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

VI、Recently, the FASB and the IASB allowed companies the option of recognizing in their financial statements the fair values of their long-term debt. That is, companies have the option to change the statement of financial position value of their long-term debt to the debt's fair (or market) value and report the change in statement of financial position value as a gain or loss in income.

Required：(10%)

Describe the potential trade-off(s) involved in reporting long-term debt at its fair value.