

東海大學 101 學年度碩士班招生入學考試試題

考試科目：財務會計 應考系所：會計甲組

本試題共 4 頁：第 1 頁 (如有缺損或印刷不清者，應即舉手請監試人員處理)

I. Multiple Choice (30 points; 3 points for each)

1. Which of the following is NOT normally an objective of financial reporting?
 - a. To provide information about an entity's assets and claims against those assets
 - b. To provide information that is useful in assessing an entity's sources and uses of cash
 - c. To provide information that is useful in lending and investing decisions
 - d. To provide information about an entity's liquidation value
2. Accounting standards help accountants meet the information demands of interested parties by providing:
 - a. legislation introduction pertaining to financial reporting
 - b. limits and guidance for financial reporting
 - c. improved operating plans to the Board
 - d. reports to the Media
3. A conceptual framework of accounting should
 - a. lead to uniformity of financial statements among companies within the same industry.
 - b. eliminate alternative accounting principles and methods.
 - c. guide the IFAC in developing generally accepted auditing standards.
 - d. define the basic objectives, terms, and concepts of accounting.
4. Which of the following would NOT be considered an element of working capital?
 - a. Investment securities (current)
 - b. Work in process inventories
 - c. Accrued interest on notes payable
 - d. Organization costs
5. Which of the following statements regarding assets is NOT true?
 - a. An asset represents a probable future economic benefit.
 - b. Assets are obtained or controlled as a result of past or probable future transactions or events.
 - c. Assets reported on the balance sheet include both monetary and nonmonetary resources.
 - d. Assets include costs that have not yet been matched with revenues.
6. Generally, recognition criteria are met and revenues are recognized
 - a. at the point of sale.
 - b. when cause and effect are associated.
 - c. at the point of cash collection.
 - d. at appropriate points throughout the operating cycle.
7. The term "total comprehensive income" as defined by the IASB
 - a. must be reported on the face of the income statement.

東海大學 101 學年度碩士班招生入學考試試題

考試科目：財務會計 _____ 應考系所：會計甲組 _____

本試題共 4 頁：第 2 頁 (如有缺損或印刷不清者，應即舉手請監試人員處理)

- b. includes all changes in equity during a period except those resulting from investments by and distributions to owners.
 - c. is the net change in owners' equity for the period.
 - d. is synonymous with the term "net income."
8. Using the indirect method, cash flows from operating activities would be increased by which of the following?
- a. Gain on sale of investments
 - b. Decrease in accounts receivable
 - c. Decrease in accounts payable
 - d. Increase in prepaid expenses
9. The most likely situation in which reported earnings are positive but operations are consuming rather than generating cash would be a
- a. rapidly growing company.
 - b. company reporting large noncash expenses.
 - c. company using very conservative accounting standards that lower earnings.
 - d. company paying large cash dividends to its shareholders.
10. The practice of carefully timing the recognition of revenues and expenses to even out the amount of reported earnings from one year to the next is called
- a. revenue recognition.
 - b. income smoothing.
 - c. restructuring.
 - d. accrual-basis accounting.

II. Please explain following terms briefly. (25 points; 5 points for each)

- 1. Accrual accounting
- 2. Temporary difference
- 3. Recognition
- 4. Intangible asset
- 5. Fair value less costs to sell

III. Acquisition of Intangible Assets

Transactions during 2012 of the newly organized Menlove Corporation included the following:

Jan.	2	Paid legal fees of \$15,000 and stock certificate costs of \$8,300 to complete organization of the corporation.
	15	Hired a clown to stand in front of the corporate office for two weeks and hand out pamphlets and candy to create goodwill for the new enterprise. Clown cost,

東海大學 101 學年度碩士班招生入學考試試題

考試科目：財務會計 應考系所：會計甲組

本試題共 4 頁：第 3 頁 (如有缺損或印刷不清者，應即舉手請監試人員處理)

		\$1,000; pamphlets and candy, \$500.	
Apr.	1	Patented a newly developed process with costs as follows:	
		Legal fees to obtain patent	\$42,900
		Patent application and licensing fees	6,350
		Total	\$49,250
		It is estimated that in six years other companies will have developed improved processes, making the Menlove Corporation process obsolete.	
May	1	Acquired both a license to use a special type of container and a distinctive trademark to be printed on the container in exchange for 600 shares of Menlove Corporation no-par common stock selling for \$50 per share. The license is worth twice as much as the trademark. Both of which may be used for six years.	
July	1	Constructed a shed for \$131,000 to house prototypes of experimental models to be developed in future research projects.	
Dec.	31	Incurred salaries for an engineer and chemist involved in product development totaling \$175,000 in 2012.	

1. Give journal entries to record the preceding transactions. (Ignore amortization of intangible assets) (24 points)
2. Present the Intangible Assets section of Menlove Corporation's balance sheet at December 31, 2012. (6 points)

IV. Performance-Based Stock Options

Globe Corporation, a new environmental control company, initiated a performance-based stock option plan for its management on January 1, 2012. The plan provided for the granting of a variable number of stock options to management personnel who worked for the entire 4-year period ending December 31, 2015, depending on the net income earned by the company in 2015. No options were granted for the first \$50,000 of net income. Thereafter, the following options were available based on the level of net income in 2015.

\$50,000-\$99,999	6,000 stock options
\$100,000-\$124,999	12,000 stock options
\$125,000-\$149,999	18,000 stock options
\$150,000 or more	30,000 stock options

The exercise price for the \$5 par common stock was \$20 per share. The fair value of the options on the grant date was \$9.

東海大學 101 學年度碩士班招生入學考試試題

考試科目：財務會計 應考系所：會計甲組

本試題共 4 頁：第 4 頁 (如有缺損或印刷不清者，應即舉手請監試人員處理)

Assume the market price for the Globe stock and Globe's forecasted 2015 net income were as follows at each of the following dates:

	Stock price	Forecasted 2015 income
January 1, 2012	\$24	\$120,000
December 31, 2012	31	140,000
December 31, 2013	26	170,000
December 31, 2014	32	135,000
December 31, 2015	33	145,000 (actual)

Prepare journal entries related to the stock options of Globe for the period 2012-2015 assuming that all available options are exercised on December 31, 2015. (15 points)