

東吳大學 106 學年度轉學生(含進修學士班轉學生)招生考試試題

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系級	會計學系三年級	考試時間	100 分鐘
科目	會計學 (二)	本科總分	100 分

For all answers, no calculation no scores.

I. 10%

Assume that Stars has decided to surface and maintain for 10 years a vacant lot next to one of its stores to serve as a parking lot for customers. Management is considering the following bids involving two different qualities of surfacing for a parking area of 10,000 square yards (amounts in thousands).

Bid A: A surface that costs \$6 per square yard to install. This surface will have to be replaced at the end of 5 years. The annual maintenance cost on this surface is estimated at 25 cents per square yard for each year except the last year of its service. The replacement surface will be similar to the initial surface.

Bid B: A surface that costs \$10.6 per square yard to install. This surface has a probable useful life of 10 years and will require annual maintenance in each year except the last year, at an estimated cost of 8 cents per square yard.

Instructions

Prepare computations showing which bid should be accepted by Stars. You may assume that the cost of capital is 9%, that the annual maintenance expenditures are incurred at the end of each year, and that prices are not expected to change during the next 10 years.

$(PVF - OA_{4, 9\%}) = 3.23972$, $(PVF_{5, 9\%}) = .64993$, $(PVF - OA_{9-5, 9\%}) = (5.99525 - 3.88965)$, $(PV - OA_{9, 9\%}) = 5.99525$

II. 12%

On April 15, 2015, fire damaged the office and warehouse of Stanislaw Corporation. The only accounting record saved was the general ledger, from which the trial balance below was prepared.

**STANISLAW CORPORATION
TRIAL BALANCE
MARCH 31, 2015**

Cash	€ 20,000	
Accounts receivable	40,000	
Inventory, December 31, 2014	75,000	
Land	35,000	
Equipment	110,000	
Accumulated depreciation—equipment		€ 41,300
Other assets	3,600	
Accounts payable		23,700
Other expense accruals		10,200
Share capital—ordinary		100,000
Retained earnings		52,000
Sales revenue		135,000
Purchases	52,000	
Miscellaneous expenses	26,600	
	<u>€362,200</u>	<u>€362,200</u>

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The following data and information have been gathered.

- The fiscal year of the corporation ends on December 31.
- An examination of the April bank statement and canceled checks revealed that checks written during the period April 1-15 totaled €13,000: €5,700 paid to accounts payable as of March 31, €5,400 for April merchandise shipments, and €3,900 paid for other expenses. Deposits during the same period amounted to €8,000, which consisted of receipts on account from customers with the exception of a €1,000 refund from a vendor for merchandise returned in April.
- Correspondence with suppliers revealed unrecorded obligations at April 15 of €18,200 for April merchandise shipments, including €3,500 for shipments in transit (f.o.b. shipping point) on that date.
- Customers acknowledged indebtedness of €69,000 at April 15, 2015. It was also estimated that customers owed another €13,000 that will never be acknowledged or recovered. Of the acknowledged indebtedness, €600 will probably be uncollectible.
- The companies insuring the inventory agreed that the corporation's fire-loss claim should be based on the assumption that the overall gross profit ratio for the past 2 years was in effect during the current year. The corporation's audited financial statements disclosed this information:

	Year Ended December 31	
	2014	2013
Net sales	€530,000	€390,000
Net purchases	280,000	235,000
Beginning inventory	50,000	66,000
Ending inventory	75,000	50,000

- Inventory with a cost of €7,000 was salvaged and sold for €4,900. The balance of the inventory was a total loss.

Instructions

Prepare a schedule computing the amount of inventory fire loss. The supporting schedule of the computation of the gross profit should be in good form.

III. 12%

On January 1, 2015, Happy Company purchased for \$1,000,000 a tract of land (site number 101) with a building. Happy Company paid a real estate broker's commission of \$72,000, legal fees of \$12,000, and title guarantee insurance of \$36,000. The closing statement indicated that the land value was \$1,000,000 and the building value was \$200,000. Shortly after acquisition, the building was razed at a cost of \$80,000.

Happy Company entered into a \$4,000,000 fixed-price contract with HABA Builders, Inc. on March 1, 2015, for the construction of an office building on land site number 101. The building was completed and occupied on September 30, 2016. Additional construction costs were incurred as follows.

Plans, specifications, and blueprints	\$21,000
Architects' fees for design and supervision	82,000

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The building is estimated to have a 30-year life, salvage value is \$459,000 from date of completion and will be depreciated using the 150% declining-balance method.

To finance construction costs, Happy Company borrowed \$4,000,000 on March 1, 2015. The loan is payable in 10 annual installments of \$400,000 plus interest at the rate of 8%. Happy Company's weighted-average amounts of accumulated building construction expenditures were as follows.

For the period March 1 to December 31, 2015	\$1,300,000
For the period January 1 to September 30, 2016	1,900,000

Instructions

- Prepare a schedule that discloses the individual costs making up the balance in the Land account in respect of land site number 101 as of September 30, 2016.
- Prepare a schedule that discloses the individual costs that should be capitalized in the Buildings account as of September 30, 2016. Show supporting computations in good form.
- Please calculate the first year depreciation expense for the building.

IV. 12%

M&M Company's ledger shows the following balances on December 31, 2016.

Share Capital—Preference, 5%—€10 par value, outstanding 20,000 shares	€ 200,000
Share Capital—Ordinary—€100 par value, outstanding 30,000 shares	3,000,000
Retained Earnings	630,000

Instructions

Assuming that the directors decide to declare total dividends in the amount of €236,000, determine how much each class of shares should receive under below conditions:

- One year's dividends are in arrears on the preference shares.
- The preference shares are non-cumulative and are participating in distributions in excess of a 7% dividend rate on the ordinary shares.

V. 12%

Lucas of the controller's office of TT Corporation was given the assignment of determining the basic and diluted earnings per share values for the year ending December 31, 2016. Lucas has compiled the information listed below.

- The company is authorized to issue 5,000,000 \$10 par value ordinary shares. As of December 31, 2015, 1,000,000 shares had been issued and were outstanding.
- The per share market prices of the ordinary shares on selected dates were as follows.

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Price per Share

July 1, 2015	\$20.00
January 1, 2016	21.00
April 1, 2016	25.00
July 1, 2016	11.00
August 1, 2016	10.50
November 1, 2016	9.00
December 31, 2016	10.00

3. A total of 500,000 shares of an authorized 800,000 shares of convertible preference shares have been issued on July 1, 2015. Each share had a par value of \$25 and a cumulative dividend of \$4 per share. The shares are convertible into ordinary shares at the rate of one convertible preference share for one ordinary share. The rate of conversion is to be automatically adjusted for share splits and share dividends. Dividends are paid quarterly on September 30, December 31, March 31, and June 30.
4. The after-tax net income for the year ended December 31, 2016, was \$7,400,000.

The following specific activities took place during 2016.

1. January 1— A 5% ordinary share dividend was issued. The dividend had been declared on December 1, 2015, to all shareholders of record on December 29, 2015.
2. April 1— A total of 200,000 shares of the \$4 convertible preference shares were converted into ordinary shares. The company issued new ordinary shares and retired the preference shares. This was the only conversion of the preference shares during 2016.
3. July 1— A 2-for-1 split of the ordinary shares became effective on this date. The board of directors had authorized the split on June 1.
4. August 1— A total of 360,000 ordinary shares were issued to acquire a factory building.
5. November 1— A total of 30,000 ordinary shares were purchased on the open market at \$9 per share. These shares were to be held as treasury shares and were still in the treasury as of December 31, 2016.
6. Cash dividends to ordinary shareholders were declared and paid as follows.
April 15—\$0.30 per share.
October 15—\$0.20 per share:
7. Cash dividends to preference shareholders were declared and paid as scheduled.

Instructions

- (a) Determine the number of shares used to compute diluted earnings per share for the year ended December 31, 2016.
- (b) Compute the adjusted net income to be used as the numerator in the basic earnings per share calculation for the year ended December 31, 2016.

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VI. 14%

W Company began operations at the beginning of 2016. The following information pertains to this company.

1. Pretax financial income for 2016 is €185,000.
2. The tax rate enacted for 2016 and future years is 30%.
3. Differences between the 2016 income statement and tax return are listed below:
 - (a) Warranty expense accrued for financial reporting purposes amounts to €14,000. Warranty deductions per the tax return amount to €4,000.
 - (b) Income on construction contracts using the percentage-of-completion method per books amounts to €94,000. Income on construction contracts for tax purposes amounts to €59,000.
 - (c) Depreciation of property, plant, and equipment for financial reporting purposes amounts to €65,000. Depreciation of these assets amounts to €80,000 for the tax return.
 - (d) A €8,000 fine paid for violation of pollution laws was deducted in computing pretax financial income.
 - (e) Interest revenue recognized on an investment in tax-exempt bonds amounts to €3,000.
4. Taxable income is expected for the next few years.

Instructions

Compute 2016 income tax expense, deferred tax asset, deferred tax liability and income taxes payable.

VII. 16%

AAA Inc. manufactures a machine with an estimated life of 12 years and leases it to Davis Club for a period of 10 years. The normal selling price of the machine is \$420,000, and its residual value (un-guaranteed) at the end of the non-cancelable lease term is estimated to be \$10,000. Davis Club will pay rents of \$60,000 at the beginning of each year and all maintenance, insurance, and taxes. AAA Inc. incurred costs of \$265,855 in manufacturing the machine and \$12,000 in negotiating and closing the lease. AAA Inc. has determined that the implicit interest rate is 10%.

Instructions

(Round all numbers to the nearest dollar.)

- (a) What kinds of the lease type for the lessor? Please describe your reasons or you can't get the scores.
- (b) Compute the lease receivable at inception of the lease.
- (c) How much is the selling price of the machine?
- (d) And the cost of sales of the machine?

Present value of an annuity due of £1 for 10 periods discounted at 10% is 6.75902. $(PVF_{10, 10\%}) = .38554$

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VIII.12%

Comparative statement of financial position accounts of Marcus Inc. are presented below.

MARCUS INC.		
COMPARATIVE STATEMENT OF FINANCIAL POSITION ACCOUNTS		
AS OF DECEMBER 31, 2015 AND 2014		
	December 31	
Debit Accounts	2015	2014
Cash	€ 42,000	€ 33,750
Accounts Receivable	70,500	60,000
Inventory	30,000	24,000
Equity Investments (non-trading)	22,250	38,500
Machinery	30,000	18,750
Buildings	67,500	56,250
Land	7,500	7,500
	<u>€269,750</u>	<u>€238,750</u>
Credit Accounts		
Allowance for Doubtful Accounts	€ 2,250	€ 1,500
Accumulated Depreciation—Machinery	5,625	2,250
Accumulated Depreciation—Buildings	13,500	9,000
Accounts Payable	35,000	24,750
Accrued Payables	3,375	2,625
Long-Term Notes Payable	21,000	31,000
Share Capital—Ordinary, no par	150,000	125,000
Retained Earnings	39,000	42,625
	<u>€269,750</u>	<u>€238,750</u>

Additional data (ignoring taxes):

- Credit sales was €867,750, cost of goods sold was €504,250 for 2015.
- 2015 Operating expense €117,375, includes depreciation expenses €8,625 and €8,000 for bad debts. Incurred and unpaid operating expenses were booked as “Accrued Payables”.

Instructions

Please compute the following item for 2015:

- Cash received from customers.
- Cash payments to suppliers.
- Cash payments for operating expenses.