

東吳大學 107 學年度暑假轉學生招生考試試題

系級	會計學系二年級	考試時間	100 分鐘
科目	會計學	本科總分	100 分

注意： 請用英文作答，並將答案寫在「招生考試答案卷」上，否則不予計分。

I. (8%) Mert Company borrowed money on Dec. 31, 2018, by issuing 8% installment note payable. The terms call for annual installment payments of \$100,000 on each Dec. 31 from Dec. 31, 2019 to Dec. 31, 2023.

INSTRUCTIONS: All amounts must be rounded to total dollars. For Mert Company,

1. prepare the journal entry on Dec. 31, 2018.
2. prepare the journal entry on Dec. 31, 2020.
3. compute the amount of installment note payable to be reported as a current liability on Dec. 31, 2021.
4. compute the amount of installment note payable to be reported as a non-current liability on Dec. 31, 2021.

II. (10%) The followings are events which are mutually independent. Assuming the periodic inventory system is used.

1. A physical count of goods on hand at the end of the current year resulted in some goods being counted twice.
2. The ending inventory in the previous period was overstated.
3. Goods purchased on account in December of the current year and shipped FOB shipping point were recorded as purchases, but were not included in the count of goods on hand on Dec. 31 because they had not arrived by Dec. 31.
4. Goods purchased on account in December of the current year and shipped FOB destination were recorded as purchases, but were not included in the count of goods on hand on Dec. 31 because they had not arrived by Dec. 31.
5. The internal auditors discovered that the ending inventory in the previous period was understated \$30,000 and that the ending inventory in the current period was overstated \$40,000.

INSTRUCTIONS: For each event, analyze the impact on the indicated items at the end of the current year by placing the appropriate code letter in the box below under each item. Code "O" = item is overstated; Code "U" = item is understated; Code "NA" = item is not affected. **Please copy the box below in your answer sheet and fill in it.**

Events	Items			
	Assets	Equity	Cost of Goods Sold	Net Income
1.				
2.				
3.				
4.				
5.				

III. (6%) Northeast Airlines purchased an aircraft on Mar. 1, 2015, at a cost of \$45,000,000. The estimated useful life of the aircraft is 20 years, with an estimated residual value of \$5,000,000. On Sep. 1, 2018 the airline revises the remaining estimated useful life to 10 years with a revised residual value of \$3,000,000.

INSTRUCTIONS: All amounts must be rounded to total dollars. For Northeast Airlines,

1. Assuming the double-declining-balance is used, compute the carrying amount at Dec. 31, 2017.
2. Assuming the straight-line method is used, compute the depreciation expense for 2018.

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IV (6%) Kosko Furniture Store has credit sales of \$400,000 in 2018 and a debit balance of \$600 in the Allowance for Doubtful Accounts at year end. As of December 31, 2018, \$130,000 of accounts receivable remain uncollected. The credit manager prepared an aging schedule of accounts receivable and estimates that \$3,600 will prove to be uncollectible. On March 4, 2019, the credit manager authorizes a write-off of the \$1,000 balance owed by A. Noonan.

INSTRUCTIONS: For Kosko Furniture Store,

1. prepare the entry to record the bad debt expense in 2018.
2. compute the carrying amount of accounts receivable on Dec. 31, 2018.
3. prepare the entry to entry to record the write-off of the Noonan account On March 4, 2019.
4. compute the difference between the carrying amount of accounts receivable after the write-off and that before the write-off.

V. (25%) The related data for Hartman Corporation, a merchandiser, is presented below:

	<u>Dec. 31, 2018</u>	<u>Dec 31, 2017</u>
Cash	\$ 41,000	\$ 31,000
Accounts receivable (Gross)	55,000	23,000
Accounts receivable (net)	50,000	20,000
Inventory	30,000	40,000
Prepaid insurance	20,000	17,000
Land	18,000	40,000
Equipment	70,000	60,000
Accumulated depreciation- Equipment	(20,000)	(13,000)
Accounts payable	(7,000)	(2,000)
Unearned Revenues	(2,000)	(4,000)
Bonds payable	(30,000)	(19,000)
Share capital-ordinary	(140,000)	(115,000)
Retained earnings	(30,000)	(55,000)

Additional information for 2018:

- Net sales is \$200,000 and all sales are credit sales. No accounts receivables are written off during the year.
- Cost of Goods Sold is \$100,000 and all accounts payable are occurred for the purchase of inventory.
- Net income is \$(9,000).
- Dividends are cash dividends and were declared and paid in 2018.
- Land was sold for cash at a loss of \$7,000. This was the only land transaction during the year.
- Equipment with accumulated depreciation of \$10,000 was sold at carrying amount for cash. This was the only disposition of equipment transaction during the year.
- \$12,000 of bonds were retired during the year at \$11,000. The other bonds were issued at face value for cash during the year. These were the only two bonds transaction during the year.
- Equipment was acquired for ordinary shares. The fair value of the shares and the equipment at the time of the exchange both was \$25,000. This was the only acquisition of equipment transaction during the year.

INSTRUCTIONS: Assume the interest payments are classified into operating activities, compute the following amounts for 2018.

1. The depreciation expenses.
2. The proceeds from the sale of land.
3. The proceeds from the sale of equipment.
4. The proceeds from the issuance of bonds.
5. The dividends.

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6. The net cash provided (used) by financing activities
7. The net cash provided (used) by investing activities.
8. The net cash provided (used) by operating activities.
9. The cash receipts from customers.
10. The cash payments to suppliers.

VI. (4%) Ramirez Company exchanges its old equipment plus \$6,000 in cash for a new equipment. The following information pertains to the exchange. The old equipment is with a cost of \$84,000 and accumulated depreciation of \$57,000. The fair value of the new equipment is of \$46,500.

INSTRUCTIONS: Under the following independent assumption, for Ramirez Company to record the exchange, compute (a) the carrying amount of the new equipment and (b) the gain or loss on disposal of equipment.

1. Assuming the exchange has commercial substance.
2. Assuming the exchange lacks commercial substance.

VII. (5%) The corporate charter of Gregory Corporation allows the issuance of a maximum of 2,500,000 ordinary shares with a \$1 par value. During its first three years of operation, Gregory issued 1,500,000 shares at \$15 per share. It later acquired 30,000 treasury shares for \$25 per share.

INSTRUCTIONS: Based on the above information, answer the following questions:

1. How many shares were authorized?
2. How many shares were issued?
3. How many shares are outstanding?
4. What is the balance of the Share Capital—Ordinary account?
5. What is the balance of the Treasury Shares account?

VIII. (9%) A company made the following expenditures related to the construction of its new building:

Architect's fees for the new building	\$ 12,000
Cash paid for land and run-down building on the land	300,000
Removal of old building	18,000
Salvage from sale of old building materials	(4,000)
Construction survey to site the new building	1,500
Legal fees for land title search	3,000
Excavation for basement construction	25,000
Machinery purchased for operations	100,000
Storage charges on machinery because building was not ready when machinery was delivered	900
Freight on machinery purchased	1,600
Hauling charges to delivery machinery from storage to new building	300
Construction costs of new building	1,000,000
Landscaping	20,000
Installation of machinery	2,500

INSTRUCTIONS: compute the cost of

1. Land.
2. Building.
3. Machinery.

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IX. (12%) Klein Corporation's equity section at Dec.31, 2017 appears below:

Share capital-ordinary, \$10 par, 50,000 outstanding	\$500,000
Share premium-ordinary	150,000
Retained earnings	<u>150,000</u>
Total equity	<u>\$800,000</u>

On June 30, 2018, the board of directors of Klein Corporation declared a 30% stock dividend, payable on July 31, 2018, to shareholders of record on July 15, 2018. The fair market value of Klein Corporation's stock on June 30, 2018, was \$12. On Dec. 1, 2018, the board of directors declared a 2 for 1 stock split. Klein Corporation's share was selling for \$20 on Dec. 1, 2018, before the stock split was declared. Net income for 2018 was \$240,000 and there were no cash dividends declared.

INSTRUCTIONS: compute the amount that would appear in the equity section for Klein Corporation on Dec. 31, 2018, for the following items:

1. Share capital-ordinary.
2. Number of ordinary shares outstanding.
3. Par value per ordinary share.
4. Share premium-ordinary.
5. Retained earnings.
6. Total equity.

X. (8%) Wayne company bought 1,000 shares of Falcone company at \$10 per share during 2016 and classified the equity investment as the financial asset measured at fair value through other comprehensive income. The fair value of the equity investment on Dec. 31, 2017 is \$15 per share. Wayne company sell the equity investment all during 2018 at \$18 per share. Similarly, Wayne company bought \$10,000 bonds of Nana company at face value during 2016 and classified the debt investment as the financial asset measured at fair value through other comprehensive income. The fair value of the debt investment on Dec. 31, 2017 is \$15,000. Wayne company sell the debt investment all during 2018 at \$18,000.

INSTRUCTIONS: Ignore dividends revenue, interest revenue, credit loss and tax.

1. For the above equity investment, compute the related gain or loss that should be recognized in the net income for 2017 and 2018.
1. For the above debt investment, compute the related gain or loss that should be recognized in the net income for 2017 and 2018.

XI. (7%) The followings are transactions which are mutually independent.

1. Collection of an accounts receivable.
2. Declaration of cash dividends.
3. Additional stock is sold for cash.
4. Short-term investments are purchased for cash.
5. Equipment is purchased for cash.
6. Inventory purchases are made for cash.
7. Accounts payable are paid.

INSTRUCTIONS: State the effect of each transactions on the current ratio. Use I (Increase), D (Decrease), or N (No effect) for your answer.