

東吳大學 105 學年度碩士班研究生招生考試試題

第 1 頁，共 4 頁

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.

On December 31, 2015, Manilow Company's accounts receivable balance is \$555,000, the detail including individually significant receivables have X Company \$200,000, Y Company \$ 100,000, Z Company \$150,000, and all other receivables(are not individually significant receivables) \$105,000. Manilow Company determines the X Company's receivable is impaired by \$25,000, and Z Company's receivable is impaired by \$33,000, the Y Company's receivable are not considered impaired. Manilow Company determines that an aging schedule to measure impairment on all other receivables (have the similar credit-risk characteristics). At the end of 2015, before adjusting entries, allowance for doubtful accounts has a credit balance of \$50,000. A summary of the aging is as follows.

Manilow Company Aging Schedule					
	Balance Dec. 31	Under 60 days	60-90 days	91-120 days	Over 120 days
Percentage estimated to be uncollectible		4%	15%	20%	25%
Individually significant receivables					
X Company	\$200,000	\$130,000	\$70,000		
Y Company	100,000		100,000		
Z Company	150,000	55,000	63,000	\$32,000	
All other receivables	105,000	60,000	20,000		\$25,000
Total	\$555,000	\$245,000	\$253,000	\$32,000	\$25,000

Instructions (10%)

Prepare the entry to record the impairment of accounts receivables on December 31, 2015 by Manilow Company.

II.

Lindemax Inc. reports the following pretax income (loss) for both financial reporting purposes and tax purposes. (Assume the carryback provision is used for a net operating loss.)

<u>Year</u>	<u>Pretax Income (Loss)</u>	<u>Tax Rate</u>
2014	\$220,000	34%
2015	180,000	34%
2016	(520,000)	38%
2017	440,000	38%

The tax rates listed were all enacted by the beginning of 2014.

Instructions (30%)

- (a) Prepare the journal entries for the years 2016-2017 to record income tax expense (benefit) and income tax payable (refundable) and the tax effects of the loss carryback and carryforward, assuming that the end of 2016 it is probable that the benefits of the loss carryforward will be realized in the future.
- (b) Using the assumption in (a), prepare the income tax section of the 2016 income statement, beginning with the line "Operating loss before income taxes."
- (c) Prepare the journal entries for 2016 and 2017, assuming that based on the weight of available evidence, it is probable that one-fourth of the benefits of the loss carryforward will not be realized.

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第 2 頁，共 4 頁

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III.

Presented below is information related to Starr Company.

1.	Net Income [including a discontinued operations gain (net of tax) of \$70,000]	\$230,000
2.	Capital Structure	
a.	Cumulative 8% preference shares, \$100 par, 6,000 shares issued and outstanding	\$600,000
b.	\$10 par, 74,000 ordinary shares outstanding on January 1. On April 1, 40,000 shares were issued for cash. On October 1, 16,000 shares were purchased and retired.	\$980,000
c.	On January 2 of the current year, Starr purchased Oslo Corporation. One of the terms of the purchase was that if Oslo's net income for the following year is \$2,400,000 or more, 50,000 additional shares would be issued to Oslo stockholders next year. Oslo's net income in current year is \$2,000,000.	
3.	Other Information	
a.	Average market price per ordinary share during entire year	\$30
b.	Income tax rate	30%

Instructions (10%)

Compute the basic earnings per share and the diluted earnings per share and it should appear on financial statements of Starr Company. (Round off to the 2nd decimal place.)

IV.

Vance Company reported net incomes for a three-year period as follows:

2013, \$186,000; 2014, \$189,000; 2015, \$180,000.

In reviewing the accounts in 2016 after the books for the prior year have been closed, you find that the following errors have been made in summarizing activities:

	2013	2014	2015
Overstatement of ending inventory	\$42,000	\$51,000	\$24,000
Understatement of accrued advertising expense	6,600	12,000	7,200

Instructions (10%)

- (a) Determine corrected net incomes for 2013, 2014, and 2015.
- (b) Give the entry to bring the books of the company up to date in 2016, assuming that the books have been closed for 2015.

V.

Presented below is information related to equipment owned by Marley Company at December 31, 2015.

Cost	€7,000,000
Accumulated depreciation to date	1,500,000
Value-in-use	5,000,000
Fair value less cost of disposal	4,400,000

Assume that Marley will continue to use this asset in the future. As of December 31, 2015, the equipment has a remaining useful of 4 years.

東吳大學 105 學年度碩士班研究生招生考試試題

第 3 頁，共 4 頁

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Instructions (15%)

- (a) Prepare the journal entry (if any) to record the impairment of the asset at December 31, 2015.
- (b) Prepare the journal entry to record depreciation expense for 2016.
- (c) The recoverable amount of the equipment at December 31, 2016, is €5,250,000. Prepare the journal entry (if any) necessary to record this increase.

VI.

The net *changes* in the statement of financial position accounts of Eusey, Inc. for the year 2015 are shown below:

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cash	\$ 125,600	
Accounts receivable		\$ 64,000
Allowance for doubtful accounts		14,000
Inventory	217,200	
Prepaid expenses	20,000	
Long-term investments		144,000
Land	300,000	
Buildings	600,000	
Machinery	100,000	
Office equipment		28,000
Accumulated depreciation:		
Buildings		24,000
Machinery		20,000
Office equipment	12,000	
Accounts payable	183,200	
Accrued liabilities		72,000
Dividends payable		128,000
Bonds payable		832,000
Share capital-Preference (\$50 par)	60,000	
Share capital-ordinary (\$10 par)		156,000
Share premium-ordinary		223,200
Retained earnings	<u>87,200</u>	
	<u>\$1,705,200</u>	<u>\$1,705,200</u>

Additional information:

1. Income Statement Data for Year Ended December 31, 2015

Income before income taxes	\$200,000
Income taxes	<u>60,000</u>
Net income	<u>\$140,000</u>
2. Cash dividends of \$128,000 were declared December 15, 2015, payable January 15, 2016. A 5% share dividend was issued March 31, 2015, when the fair value was \$22.00 per share.
3. The long-term investments were sold for \$140,000.
4. A building and land which cost \$480,000 and had a book value of \$300,000 were sold for \$400,000. The cost of the land, included in the cost and book value above, was \$20,000.
5. The following entry was made to record an exchange of an old machine for a new one:

Machinery	160,000	
Accumulated Depreciation—Machinery	40,000	
Machinery		60,000
Cash		140,000

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6. A fully depreciated copier machine which cost \$28,000 was written off.
7. Preference shares of \$60,000 par value was redeemed for \$80,000.
8. The company sold 12,000 shares of its ordinary share (\$10 par) on June 15, 2015 for \$25 a share. There were 87,600 shares outstanding on December 31, 2015.
9. Bonds were sold at 104 on December 31, 2015.
10. Land that was condemned due to contamination was sold for \$108,000. It had a book value of \$240,000.

Instructions (25%)

- (a) Compute the following amounts (ignore tax effects):
 - (1) net cash provided or used by operating activities (9%)
 - (2) net cash provided or used by investing activities (6%)
 - (3) net cash provided or used by financing activities (4%)
- (b) What would you expect to observe in the operating, investing, and financing sections of a statement of cash flows of:
 - (1) A severely financially troubled firm? (3%)
 - (2) A recently formed firm that is experiencing rapid growth? (3%)