

考生作答須知

- 本試題可以用英文或中文作答，同一大題請使用相同語文，如中英文交雜則不予計分。
- 本試卷包含四個大題，盡量依序作答，務必註明題號，並整齊書寫於答案卷。
- 各大題與其中包含之小題均有標註配分，各題組均有不同之答題要求，請謹慎閱讀題目。
- 題目中如無特別註明，計算時請四捨五入至個位數。

1. (44%) The cost of equipment purchased by Fruit, Inc., on June 1, 2016, is \$178,000. It is estimated that the machine will have a \$10,000 residual value at the end of its service life. Its service life is estimated at 7 years; its total working hours are estimated at 84,000 and its total production is estimated at 1,050,000 units. During 2016, the machine was operated 12,000 hours and produced 110,000 units. During 2017, the machine was operated 11,000 hours and produced 96,000 units.

【Requirements】 (1) 20%; (2) 12%; (3) 12%

- (1) Compute depreciation expense on the machine for the year ending December 31, 2016, and the year ending December 31, 2017, using the following methods. (Note: rounding the number to the nearest one)

a-1.	Straight-line.
a-2.	Units-of-output.
a-3.	Working hours.
a-4.	Sum-of-the-years'-digits.
a-5.	Declining-balance (twice the straight-line rate).

- (2) Presented below is information related to equipment owned by Fruit, Inc. at December 31, 2017.

Value-in-use	119,980
Fair value less cost of disposal	108,000

Assume that Fruit, Inc. will continue to use this asset in the future. As of December 31, 2017, the useful life and residual value doesn't change. Fruit, Inc. uses "straight-line" depreciation.

- b-1. Prepare the journal entry (if any) to record the impairment of the asset at December 31, 2017.
 - b-2. Prepare the journal entry to record depreciation expense for 2018.
 - b-3. The recoverable amount of the equipment at December 31, 2018, is \$103,000. Prepare the journal entry (if any) necessary to record this increase.
- (3) Fruit, Inc. acquires a new equipment on January 1, 2019, for \$120,000. Fruit, Inc. elects to value this equipment using revaluation accounting. This equipment is being depreciated on a straight-line basis over its 6-year useful life. There is no residual value at the end of the 6-year period. The appraised value of the equipment approximates the carrying amount at December 31, 2019. The fair value of the equipment is determined to be \$90,000 at the end of 2020 and \$58,000 at the end of 2021.
- c-1. Prepare the journal entries for 2019 related to the new equipment.
 - c-2. Prepare the journal entries for 2020 related to the new equipment.
 - c-3. Prepare the journal entries for 2021 related to the new equipment.

2. (27%) Any given transaction may affect a statement of cash flows (using the indirect method) in one or more of the following ways:

● Cash flows from operating activities
A1. Net income will be increased or adjusted upward.
A2. Net income will be decreased or adjusted downward.
● Cash flows from investing activities
B1. Increase as a result of cash inflows.
B2. Decrease as a result of cash outflows.
● Cash flows from financing activities
C1. Increase as a result of cash inflows.
C2. Decrease as a result of cash outflows.
● The statement of cash flows is not affected
D1. Not required to be reported in the body of the statement.

【Requirements】 *each, 3%*

For each transaction listed below, list the letter or letters from above (ex: A1, C2 or B2 & D1...) that describe(s) the effect of the transaction on a statement of cash flows for the year ending December 31, 2017. (Ignore any income tax effects.)

- (1) Preference shares with a carrying value of \$88,000 was redeemed for \$100,000 on January 1, 2017.
 - (2) Uncollectible accounts receivable in the amount of \$6,000 were written off against the allowance for doubtful accounts balance of \$24,400 on December 31, 2017.
 - (3) Machinery which originally cost \$6,000 and has a book value of \$3,600 is sold for \$2,800 on December 31, 2017.
 - (4) Land is acquired through the issuance of bonds payable on July 1, 2017.
 - (5) 2,000 ordinary shares, stated value \$20 per share, are issued for \$50 per share in 2017.
 - (6) An appropriation of retained earnings for treasury shares in the amount of \$70,000 is established in 2017.
 - (7) A cash dividend of \$16,000 is paid on December 31, 2017.
 - (8) The portfolio of long-term investments (non-trading) is at an aggregate fair value higher than aggregate cost at December 31, 2017.
 - (9) On December 31, 2017 short-term investments (classified as non-trading) costing \$226,600 were sold for \$255,000.
3. (13%) "On 14 May 2009, the Financial Supervisory Commission (FSC) of Taiwan announced a roadmap for the full adoption of IFRSs in Taiwan. All companies that were covered in Phase I (2013) and Phase II (2015) have to apply IFRSs as endorsed by the FSC. Only domestic companies whose equity securities also trade in another country may use IFRSs as issued by the IASB." (Source: <https://www.iasplus.com/en/jurisdictions/asia/taiwan>)

【Requirements】 (1) 3%; (2) 3%; (3) 7%

Respond to the following **independent** requirements about IFRSs.

- (1) The IASB (International Accounting Standards Board) issued "Conceptual Framework for Financial Reporting 2010" in 2010. What is the objective of financial reporting that based on the Conceptual framework?

- (2) IFRS 13 “Fair Value Measurement” applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. What is the definition of fair value?
- (3) IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases to replace the old standard (IAS 17). What are the differences between IAS 17 and IFRS 16? (Note: Providing three important points at most.)
4. (16%) The following information pertains to WOW Company:

Plant assets (net)	\$ 720,000
Inventory	150,000
Accounts receivable	250,000
Cash	80,000
Total assets	\$ 1,200,000
Share capital-ordinary (\$10 par)	\$ 320,000
Share premium-ordinary	80,000
Retained earnings	400,000
Long-term debt	240,000
Accounts payable	110,000
Accrued taxes and expenses payable	50,000
Total equities and debts	\$ 1,200,000
Net sales (all on credit)	\$ 1,800,000
Cost of goods sold	1,350,000
Net income	144,000

【Requirements】 each, 2%

Compute the following: (It is not necessary to use averages for any statement of financial position figures involved. Round the number to the nearest hundredth.)

- (1) Inventory turnover
- (2) Accounts receivable turnover
- (3) Current ratio
- (4) Debt to assets
- (5) Return on ordinary shares equity
- (6) Profit margin on sales
- (7) Book value per share
- (8) Earnings per share