

國立中正大學 109 學年度碩士班招生考試試題

科目名稱：中級會計學

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系所組別：會計與資訊科技學系-甲組

本試卷作答須知

- 本試題可以用英文或中文作答，同一大題請使用相同語文，如中英交雜則不予計分。
- 本試卷包含四個大題，請依序作答，務必註明題號，並整齊書寫於答案卷。
- 各大題有標註配分，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. (30%) The Conceptual Framework identifies the qualitative characteristics that make accounting information useful. Presented below are two parts (A and B) of questions related to these qualitative characteristics.

Part A: Indicate whether the following statements are true (T) or false (F). If false, provide a brief explanation supporting your position.

- (1) An implicit assumption of the International Accounting Standards Board's (IASB's) Conceptual Framework is that users need to be experts in business and financial accounting matters to understand the information contained in financial statements.
- (2) Verifiability and predictive value are two ingredients of faithful representation.
- (3) Relevant information has predictive value, confirmatory value, or both.
- (4) Comparability pertains only to the reporting of information in a similar manner for different companies.
- (5) Neutrality means that a company can't provide specific information intended to attain a predetermined result or to induce a particular behavior.

Part B: Match the qualitative characteristics below with the following statements. (Items a through h may be used more than once or not at all.)

a. Timeliness	e. Neutrality
b. Completeness	f. Confirmatory value
c. Free from error	g. Understandability
d. Verifiability	h. Comparability

- (6) The annual reports of Taiwan Semiconductor Manufacturing Company are audited by certified public accountants.
- (7) The extent to which information is accurate in representing the economic substance of a transaction.
- (8) Foxconn Electronics Inc. issues its quarterly reports immediately after each quarter ends.
- (9) Includes all the information that is necessary for a faithful representation of the economic phenomena that it purports to represent.
- (10) Quality of information that allows users to comprehend its meaning.

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2. (20%) The following are two independent situations about provisions.

(1) (8%) Balls Ltd. sells smartphones under a 2-year warranty contract that requires the company to replace defective parts and to provide the necessary repair labor. During 2020, Balls sells for cash 500 smartphones at a unit price of \$2,000. On the basis of past experience, the 2-year warranty costs are estimated to be \$92 for parts and \$180 for labor per unit. (For simplicity, assume that all sales occurred on December 31, 2020.) The warranty is not sold separately from the smartphone.

【Requirements】

- Record any necessary journal entries in 2020.
- What liability relative to these transactions would appear on the December 31, 2020, statement of financial position and how would it be classified?
- In 2021, the actual warranty costs to Balls were \$21,450 for parts and \$26,580 for labor. Record any necessary journal entries in 2021.

(2) (12%) BTS Company purchases an oil tanker depot on January 1, 2020, at a cost of \$900,000. BTS expects to operate the depot for 10 years, at which time it is legally required to dismantle the depot and remove the underground storage tanks. It is estimated that it will cost \$120,000 to dismantle the depot and remove the tanks at the end of the depot's useful life.

【Requirements】

- Prepare the journal entries to record the depot and the environmental liability for the depot on January 1, 2020. Based on an effective-interest rate of 8%, the fair value of the environmental liability on January 1, 2020, is \$55,583.
- Prepare any journal entries required for the depot and the environmental liability at December 31, 2020. BTS uses straight-line depreciation; the estimated residual value for the depot is zero.
- On December 31, 2029, BTS pays a demolition firm to dismantle the depot and remove the tanks at a price of \$125,000. Prepare the journal entry for the settlement of the environmental liability.

3. (20%) The following are two independent situations about Book Value and Earnings per Share.

(1) (8%) JLLIN Inc. began operations in January 2018 and reported the following results for each of its 3 years of operations.

2018	\$350,000 Net Loss
2019	\$145,000 Net Loss
2020	\$900,000 Net Income

At December 31, 2020, JLLIN Inc. share capital accounts were as follows.

Share Capital-Preference, 9% cumulative, per value \$50; authorized, issued, and outstanding, 10,000 shares	\$500,000
Share Capital-Ordinary, per value \$10; authorized 100,000, issued, and outstanding, 85,000 shares	\$850,000

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JJLIN Inc. has never paid a cash or share dividend. There has been no change in the share capital accounts since JJLIN began operations. The country law permits dividends only from retained earnings.

【Requirements】

- a. Compute the book value of the ordinary shares at December 31, 2020. (Round to the nearest penny.)
- b. Compute the book value of the ordinary shares at December 31, 2020, assuming that the preference shares have a liquidating value of \$57 per share.

(2) (12%) Assume that the following data relative to SMART Company for 2020 is available:

Net Income		\$3,100,000
<u>Transactions in Ordinary Shares</u>	<u>Change</u>	<u>Cumulative</u>
Jan. 1, 2020, Beginning number		660,000
Mar. 1, 2020, Purchase of treasury shares	(12,000)	648,000
June 1, 2020, Share split 2-1	648,000	1,296,000
Nov. 1, 2020, Issuance of shares	300,000	1,596,000

8% Cumulative Convertible Preference Shares

Sold at par, convertible into 250,000 ordinary shares
(adjusted for split). \$1,000,000

Share Options

Exercisable at the option price of \$30 per share. Average market price in 2020, \$37.5 (market price and option price adjusted for split). 50,000 shares

【Requirements】

- a. Compute the weighted average number of shares to be used in computing earnings per share for 2020.
 - b. Compute the basic earnings per share for 2020. (Round to the nearest penny.)
 - c. Compute the diluted earnings per share for 2020. (Round to the nearest penny.)
4. (30%) SASA Inc. entered into a noncancelable lease arrangement with KCC Leasing for a certain machine. KCC's primary business is leasing. SASA will lease the machine for a period of 3 years, which is 50% of the machine's economic life. KCC will take possession of the machine at the end of the initial 3-year lease and lease it to another, smaller company that does not need the most current version of the machine. SASA does not guarantee any residual value for the machine and will not purchase the machine at the end of the lease term. SASA's incremental borrowing rate is 10%, and the implicit rate in the lease is 9%. SASA has no way of knowing the implicit rate used by KCC. Using either rate, the present value of the lease payments is between 90% and 100% of the fair value of the machine at the

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date of the lease agreement. KCC is reasonably certain that SASA will pay all lease payments.

【Requirements】

- (1) With respect to SASA (the lessee), answer the following.
- a. For SASA, its lease payments should include:
 - I. fixed payments.
 - II. variable payments based on an index.
 - III a bargain purchase option.
 - IV. a guaranteed residual value.

(a) I, II, and III. (b) II, III, and IV. (c) I, II, and IV. (d) I, II, III, and IV.
 - b. How should SASA compute the appropriate amount to be recorded for the lease or asset acquired?
 - c. From the perspective of the lessee (SASA), leasing can provide significant advantages. Please give at least two advantages and discuss them briefly.
 - d. The Lease Liability account for SASA should be disclosed as
 - (a) a current liability.
 - (b) a noncurrent liability.
 - (c) current portions in current liabilities and the remainder in noncurrent liabilities.
 - (d) deferred credits.
 - e. One of SASA's employees says that only interest expense should be reported on the income statement under this lease agreement. Please comment on the employee's statement.
- (2) With respect to KCC (the lessor), answer the following.
- a. Which of the following would be included in the Lease Receivable account for KCC?
 - I. Guaranteed residual value.
 - II. Unguaranteed residual value.
 - III. Executory costs
 - IV. Rental payments.

(a) I and III only. (b) II, III, and IV. (c) I and II only. (d) I, II, and IV.
 - b. What type of leasing arrangement has been entered into? Explain the reason for your answer.
 - c. How should KCC determine the appropriate amount of revenue to be recognized from each lease payment?
 - d. Which of the following is not one of the lease classification indicators for the lessor?
 - (a) Transfer of ownership
 - (b) Purchase option
 - (c) Lease term
 - (d) Collectibility
 - e. The manager of KCC says that there is no significant difference between IFRS 16 with IAS 17 for the lessor. Please comment on the manager's statement.