

考 試 科 目	中級會計學	系 所 別	會計學系 三年級	考 試 時 間	7 月 6 日(三) 第四節
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1. Elite Inc. had the statement of financial position shown below at December 31, 2021.

Elite Inc.
Statement of Financial Position
December 31, 2021

Cash	\$20,000	Accounts payable	\$30,000
Accounts receivable	21,200	Long-term notes payable	41,000
Land	40,000	Share capital—ordinary	100,000
Plant assets (net)	81,000	Retained earnings	<u>23,200</u>
Investments	<u>32,000</u>		
	<u>\$194,200</u>		<u>\$194,200</u>

During 2022, the following occurred.

- (1) Elite Inc. sold part of its investment for \$15,000. This transaction resulted in a gain of \$3,400 for the firm.
- (2) A tract of land was purchased for \$18,000 cash.
- (3) Long-term notes payable in the amount of \$16,000 were retired before maturity by paying \$16,000 cash.
- (4) An additional \$20,000 in ordinary shares were issued at par.
- (5) Cash dividends totaling \$8,200 were declared and paid to shareholders.
- (6) Net income for 2019 was \$32,000, including income tax expense \$2,000.
- (7) Depreciation expense was \$11,000.
- (8) Land was purchased through the issuance of \$30,000 in bonds.
- (9) At December 31, 2022, Cash was \$32,000, Accounts Receivable was \$41,600, and Accounts Payable remained at \$30,000.

Instructions (24%)

- (1) Prepare a statement of cash flows for 2022 according IAS 7.
- (2) Prepare a statement of financial position as it would appear at December 31, 2022.
- (3) Compute free cash flow and current cash debt coverage and evaluate the overall financial flexibility and solvency of Elite Inc.
- (4) Compute earning quality ratio and evaluate the earning quality of Elite Inc.
- (5) Based on Elite's cash flow, at which stage of the business life cycle should the company be?

2. San Diego Financial Services performs bookkeeping and tax-reporting services to startup companies. On January 1, 2019, San Diego entered into a 3-year service contract with Chopin Tech. Chopin promises to pay \$12,000 at the beginning of each year, which at contract inception is the standalone selling price for these services. At the end of the second year, the contract is modified and the fee for the third year of services is reduced to \$6,000. In addition, Chopin agrees to pay an additional \$20,000 at the beginning of the third year to cover the contract for 3 additional years (i.e., 4 years remain after the modification). The extended contract

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services are similar to those provided in the first 2 years of the contract.

Instructions (14%)

- (1) Prepare the journal entries for San Diego in 2019 related to this service contract.
- (2) Prepare the journal entries for San Diego in 2021 related to the modified service contract, assuming a prospective approach.
- (3) Prepare the journal entries for San Diego in 2021 and 2022 related to the modified service contract, assuming San Diego and Chopin agree on a revised set of services (fewer bookkeeping services but more tax services) in the extended contract period and the modification results in a separate performance obligation.

3. Presented below is information related to Beatles Inc.

	<u>Cost</u>	<u>Retail</u>
Inventory, 12/31/2021	\$562,500	\$825,000
Purchases	2,053,500	3,075,000
Purchase returns	135,000	180,000
Purchase discounts	40,500	-
Gross sales (after employee discounts)	-	3,165,000
Sales returns	-	217,500
Markups	-	270,000
Markup cancellations	-	90,000
Markdowns	-	97,500
Markdown cancellations	-	45,000
Freight-in	94,500	-
Employee discounts granted	-	18,000
Loss from breakage (normal)	-	12,000

Instructions (10%)

- (1) Compute the inventory as of December 31, 2022, at retail prices.
- (2) Assuming that carpenter Inc. uses the conventional method:
 - A. compute cost-to-retail ratio
 - B. compute the cost of its ending inventory at December 31, 2022
- (3) Assuming that carpenter Inc. uses the cost method.
 - A. compute cost-to-retail ratio (round it to the nearest whole number)
 - B. compute the cost of its ending inventory at December 31, 2022

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4. Daonan Company started to build its own factory on January 1, 2021, and it will be completed by the end of 2022. The relevant information is as follows:

(a) On January 1, 2021, a project loan of \$400,000, with an interest rate of 12% for a period of 3 years and interest paid at the end of each year.

(b) Other outstanding loans for the whole year of 2021 and 2022:

\$1,000,000, interest rate 10%, interest paid at the end of each year.

\$4,000,000, interest rate 8%, interest paid at the end of each year.

(c) Total annual expenditure (all paid in cash at the beginning of each year, excluding the capitalized amount of borrowing costs)

2021 \$1,000,000

2022 \$2,000,000

(d) In the last three months of 2021, Daonan Company was suspended due to human negligence and failure to take typhoon prevention measures before the typhoon came at the end of September 2021. The construction site was severely damaged.

Instructions (18%)

(1) Calculate the capitalized amount of borrowing costs in 2021 and 2022.

(2) Trial preparation of relevant entries in 2021 and 2022 (including input and completion entries).

5. PBS Company offers a coffee mug as a premium for every 10 candy bar wrappers (selling price 50-cent per candy bar) presented by customers together with \$1.00. The purchase price of each mug to the company is \$0.90 in addition it costs \$0.60 to mail each mug to customers. The results of the premium plan for the years 2020 and 2021 are as follows (assume all purchases and sales are for cash):

	2020	2021
Coffee mugs purchased	1,080,000	1,200,000
Candy bars sold	8,400,000	10,125,000
Wrappers redeemed	4,200,000	6,300,000
2020 wrappers expected to be redeemed in 2021	3,000,000	
2021 wrappers expected to be redeemed in 2022	-	4,050,000

Instructions (20%)

(1) Prepare the general journal entries that should be made in 2020 and 2021 related to the above plan by PBS.

(2) Indicate the account names, amounts, and classifications of the items related to the premium plan that would appear on the PBS Company statement of financial position and income statement at the end of 2020 and 2021.

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6. On December 31, 2019, Proluck Company purchased three-year corporate bonds of Golden Diamond Company for \$200,000 (including transaction costs \$5,000), with a face value of \$200,000 and a stated rate of 5%. Interest is paid on December 31 each year, and the original effective interest rate is also 5%. The bond's estimated 12-month expected credit loss at the date is \$1,200. Proluck will adopt the business model of holding to collect interest and principal for the bond.
- (1) On December 31, 2020, \$10,000 in interest was received. The bond's credit risk has increased significantly, and the amount of lifetime expected credit losses on that date should be \$23,000.
 - (2) On December 31, 2021, although \$10,000 in interest was received, the bond has disappeared from the active market and has reached the point of impairment. The amount of lifetime expected credit losses on that date should be \$70,000.
 - (3) On December 31, 2022, only the 2022 interest and principal totaling \$150,000 will be received, and the rest cannot be recovered.

Instructions (14%)

All relevant entries of Proluck Company.



備註	一、作答於試題上者，不予計分。 二、試題請隨卷繳交。
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