1.員林公司於 X4 年 1 月 2 日以$280,000 的價格取得二水公司 40%的股權，當時二水公司的股東權益包括股本$300,000 及保留盈餘$250,000。除下列項目外，二水公司所有資產及負債科目的帳面價值等於公平價值。估計建築物剩餘耐用年數爲八年，依直線法計提折舊、專利權剩餘年數爲四年，依直線法攤銷、應付公司債尚餘四年才到期，依直線法攤銷折價。由於員林公司對二水公司的營運具有重大影響力，因此對於其股權投資係採用權益法處理。X4 年二水公司列報淨利爲$80,000，並分派現金股利$30,000。

	公平價值	帳面價值
土地	$160,000	$150,000
建築物	240,000	200,000
專利權	20,000	24,000
應付公司債	96,000	72,000

試回答下列問題：(15%)

(1)X4 年員林公司投資收益的金額。(5%)

(2)X4 年 12 月 31 日員林公司帳上投資二水公司帳戶的餘額。(5%)

(3)X4 年 12 月 31 日員林公司對二水公司之股權淨值。(5%)

2. On January 1, 2005, Miller Company entered into a contract to build a building. It is estimated that the building will cost $2,000,000 and will take 3 years to complete. The contract price was $3,200,000. The following information pertains to the construction period. Miller Company uses the percentage-of-completion method to recognize gross profit.

	2005	2006	2007
Costs to date	$800,000	$1,560,000	$2,050,000
Estimated costs to complete	1,200,000	390,000	0
Progress billings to date	1,050,000	2,100,000	3,200,000
Cash collected to date	950,000	1,950,000	2,750,000

Please answer the following questions：(30%)

(1)Compute the amount of gross profit to be recognized. (9%)

(2)Prepare all necessary journal entries for 2007. (15%)

(3)Prepare a partial balance sheet for December 31, 2006, showing the balances in the receivables and inventory accounts. (6%)

3. Loter Corporation uses special strapping equipment in its packaging business. The equipment was purchased in January 2007 for $8,000,000 and had an estimated useful life of 8 years with no salvage value. At December 31, 2008, new technology was introduced that would accelerate the obsolescence of Loter’s equipment. Loter’s controller estimates that expected future net cash flows on the equipment will be $5,300,000 and that the fair value of the equipment is $4,400,000. Loter intends to continue using the equipment, but it is estimated that the remaining useful life is 4 years. Loter uses straight-line depreciation.

Please answer the following questions：(20%)

(1)Prepare the journal entry (if any) to record the impairment at December 31, 2008. (5%)

(2)Prepare any journal entries for the equipment at December 31, 2009. The fair value of the equipment at December 31, 2009, is estimated to be $4,600,000. (5%)

(3)Repeat the requirements for (a) and (b), assuming that Loter intends to dispose of the equipment and that it has not been disposed of as of December 31, 2009. (10%)

4. On January 1, 2006, Peter Company signed a fixed-price contract to have Builder Associates contract a major plant facility at a cost of $4,000,000. It was estimated that it would take 3 years to complete the project. Also on January 1, 2006, to finance the construction cost, Peter borrowed $4,000,000 payable in 10 annual installments of $400,000, plus interest at the rate of 12%. During 2006, Peter made deposit and progress payments totaling $1,500,000 under the contract；the weight-average amount of accumulated expenditures was $800,000 for the year. The excess borrowed funds were invested in short-term securities, from which Peter realized investment income of $360,000.

Please answer the following question：(5%)
What amount should Peter report as capitalized interest at December 31, 2006？(5%)

5. ABC Corporation has a fiscal year ending April 30. On May 1, 2007, ABC borrowed $10,000,000 at 11% to finance construction of its own building. Repayments of the loan are to commence the month following completion of the building. During the year ended April 30, 2008, expenditures for the partially completed structure totaled $7,000,000. These expenditures were incurred evenly throughout the year. Interest earned on the unexpended portion of the loan amounted to $650,000 for the year.

Please answer the following questions：(5%)
How much should be shown as capitalized interest on ABC's financial statements at April 30, 2008？(5%)

6. JFK Corporation factors $300,000 of accounts receivable with LBJ Finance Corporation on a without recourse basis on July 1, 2007. The receivables records are transferred to LBJ Finance, which will receive the collections. LBJ Finance assesses a finance charge of 1.5% of the amount of accounts receivable and retains an amount equal to 4% of accounts receivable to cover sales discounts, returns, and allowances. The transaction is to be recorded as a sale.

Please answer the following questions：(10%)
(1)Prepare the journal entry on July 1 , 2007, for JFK Corporation to record the sale of receivables without recourse. (5%)
(2)Prepare the journal entry on July 1 , 2007, for LBJ Finance Corporation to record the purchase of receivables without recourse. (5%)

7. LoLy Corporation factors $175,000 of accounts receivable with Peggy Financing corporation on a with recourse basis. Peggy Financing will collect the receivables. The receivables records are transferred to Peggy Financing on August 15, 2007. Peggy Financing assesses a finance charge of 2% of the amount of accounts receivable and also reserves an amount equal to 4% of accounts receivable to cover probable adjustments.

Please answer the following questions：(15%)
(1)What conditions must be met for a transfer of receivables with recourse to be accounted for as a sale？(10%)
(2)Assume the conditions from part (a) are met. Prepare the journal entry on August 15, 2007, for LoLy to record the sale of receivables, assuming the recourse obligation has a fair value of $2,000. (5%)