

一. 選擇題 (選出最好的答案, 每小題3分, 答錯倒扣1分) 共45分  
\* 請按順序作答.

1. If at the end of a period a company erroneously excluded some goods from its ending inventory and also erroneously did *not* record the purchase of these goods in its accounting records, these errors would cause:

- the ending inventory, cost of goods available for sale, and retained earnings to be understated.
- the ending inventory, cost of goods sold, and retained earnings to be understated.
- no effect on net income, working capital, and retained earnings.
- cost of goods available for sale, cost of goods sold, and net income to be understated.

2. Estimated liabilities are disclosed in financial statements by:

- a footnote to the statements.
- showing the amount among the liabilities but *not* extending it to the liability total.
- an appropriation of retained earnings.
- appropriately classifying them as regular liabilities in the balance sheet.

3. On December 31, Majestic Corporation sold for \$15,000 an old machine having an original cost of \$50,000 and a book value of \$6,000. The terms of the sale were as follows:

\$5,000 down payment.

\$5,000 payable on December 31 of the next two years.

The agreement of sale made no mention of interest; however, 10% would be a fair rate for this type of transaction. What should be the amount of the notes receivable *net* of the unamortized discount on December 31, rounded to the nearest dollar?

- \$8,678.
- \$9,091.
- \$10,000.
- \$11,000.

4. The general ledger of the Flint Corporation as of December 31 includes the following accounts:

organization costs	\$5,000
deposits with advertising agency (will be used to promote goodwill)	8,000
discount on bonds payable	15,000
excess of cost over book value of net assets of acquired subsidiary	70,000
trademarks	12,000

In the preparation of Flint's balance sheet as of December 31, what should be reported as total intangible assets?

- \$87,000.
- \$92,000.
- \$95,000.
- \$110,000.

(背面仍有題目, 請繼續作答)

5. On April 15, a fire destroyed the entire merchandise inventory of John Anderson's retail store. The following data are available:

sales, January 1 through April 15	\$72,000
inventory, January 1	10,000
purchases, January 1 through April 15	70,000
markup on cost	20%

The amount of the loss is estimated to be:

- a. \$24,000.
- b. \$20,000.
- c. \$22,400.
- d. \$8,000.

6. On February 1, Reflection Corporation purchased a parcel of land as a factory site for \$50,000. An old building on the property was demolished, and construction began on a new building that was completed on November 1. Costs incurred during this period are listed below:

demolition of old building	\$ 4,000
architect's fees	10,000
legal fees for title investigation and purchase contract	2,000
construction costs	500,000

(Salvaged materials resulting from demolition were sold for \$1,000.)

Reflection should record the cost of the land and new building respectively as:

- a. \$52,000 and \$513,000.
- b. \$53,000 and \$512,000.
- c. \$53,000 and \$510,000.
- d. \$55,000 and \$510,000.

7. Shaid Corporation issued \$2,000,000 of 6%, 10-year convertible bonds on June 1, year 1, at 98 plus accrued interest. The bonds were dated April 1, year 1, with interest payable April 1 and October 1. Bond discount is amortized semiannually on a straight-line basis. On April 1, year 2, \$500,000 of these bonds were converted into 500 shares of \$20 par-value common stock. Accrued interest was paid in cash at the time of conversion.

What was the effective interest rate on the bonds when they were issued?

- a. 6%.
- b. above 6%.
- c. below 6%.
- d. cannot be determined from the information given.

8. Lively Corporation's stockholders' equity section of its December 31, year 1, balance sheet was as follows:

common stock authorized 1,200,000 shares	
issued 800,000 shares	
outstanding 700,000 shares	
\$5 par value	\$ 4,000,000
paid in capital in excess of par	3,250,000
retained earnings	5,240,000
	<u>12,490,000</u>
less treasury stock, at cost, 100,000 shares	(800,000)
total stockholders' equity	<u>\$11,690,000</u>

9. Andrew Corporation declared a stock dividend of 5,000 shares when the par value was \$1 per share and the market value was \$4 per share. How does the entry to record this declaration affect total stockholders' equity?
- no effect.
  - \$5,000 increase.
  - \$5,000 decrease.
  - \$20,000 decrease.
10. Orlando, Inc., issued, for \$105 per share, 8,000 shares of \$100 par-value convertible preferred stock. One share of preferred stock can be converted into three shares of \$25 par-value common stock at the option of the preferred shareholder. In August all of the preferred stock was converted into common stock. The market value of the common stock at the date of the conversion was \$30 per share. What total amount should be credited to additional paid in capital as a result of the issuance of the preferred stock and its subsequent conversion into common stock?
- \$80,000.
  - \$120,000.
  - \$200,000.
  - \$240,000.
11. The Shamus Company was organized on January 2 and issued the following stock:
- 200,000 shares of \$5 par-value common stock at \$12 per share (authorized 200,000 shares).
  - 50,000 shares of \$10 par-value fully participating 4%, cumulative preferred stock at \$25 per share (authorized 150,000).
- The net income was \$420,000, and cash dividends of \$72,000 were declared and paid.
- What were the dividends paid on the preferred and common stock, respectively?
- \$20,000 and \$52,000.
  - \$24,000 and \$48,000.
  - \$46,000 and \$26,000.
  - \$72,000 and \$0.
12. On April 1, year 1, Austin Corporation sold equipment costing \$1,000,000 with accumulated depreciation of \$250,000 to its wholly owned subsidiary, Cooper, for \$900,000. Austin was depreciating the equipment on the straight-line method over 20 years with no salvage value, which Cooper continued. In consolidation at March 31, year 2, the cost and accumulated depreciation, respectively, are:
- \$1,000,000 and \$300,000.
  - \$900,000 and \$50,000.
  - \$900,000 and \$60,000.
  - \$750,000 and \$50,000.
13. Eltro Company acquired a 70% interest in the Samson Company in year 1. For the years ended December 31, year 2 and year 3, Samson reported net income of \$80,000 and \$90,000, respectively. During year 2, Samson sold merchandise to Eltro for \$10,000 at a profit of \$2,000. The merchandise was later resold by Eltro to outsiders for \$15,000 during year 3. For consolidation purposes, what is the minority interest's share of Samson's net income for year 2 and year 3, respectively?
- \$23,400 and \$27,600.
  - \$24,000 and \$27,000.
  - \$24,600 and \$26,400.
  - \$26,600 and \$25,000.

(背面仍有題目,請繼續作答)

14. Blacker Company exchanged a business automobile for a new automobile. The old automobile had an original cost of \$3,500, an undepreciated cost of \$1,600, and a market value of \$2,000 when exchanged. In addition, Blacker paid \$2,200 cash for the new automobile. The list price of the new automobile was \$4,300. At what amount should the new automobile be recorded for financial accounting purposes?

- a. \$3,500.
- b. \$3,800.
- c. \$4,200.
- d. \$4,300.

15. On April 17 a US company sold merchandise to an Australian buyer for 10,000 Australian dollars. Payment is due in 60 days. On April 17 the directly quoted spot rate is .6676, the 60-day forward rate is .6895. On June 16, when payment is made, the spot rate is .6752. At what amounts should sales and exchange gains or losses be recorded?

	Sales	Exchange gain (loss)
a.	\$6,676	\$76
b.	\$6,676	(\$76)
c.	\$6,752	-0-
d.	\$6,895	(\$143)

二. Schaeffer Art Supply has poor internal control over its cash transactions. Recently G. M. Schaeffer, the owner, has suspected the cashier of stealing. Details of the business's cash position at September 30 follow.

1. The Cash account shows a balance of \$19,502. This amount includes a September 30 deposit of \$3,794 that does not appear on the September 30 bank statement.
2. The September 30 bank statement shows a balance of \$17,924. The bank statement lists a \$200 credit for a bank collection, an \$8 debit for the service charge, and a \$36 debit for an NSF check. The Schaeffer accountant has not recorded any of these items on the books.
3. At September 30 the following checks are outstanding:

Check No.	Amount
154	\$116
256	150
278	253
291	190
292	206
293	145

4. The cashier handles all incoming cash and makes bank deposits. He also reconciles the monthly bank statement. His September 30 reconciliation follows.

Balance per books, September 30	\$19,502
Add: Outstanding checks	2,060
Bank collection	200
	<u>21,762</u>
Less: Deposits in transit	\$3,794
Service charge	8
NSF check	36
Balance per bank, September 30	<u>\$17,924</u>

Schaeffer has requested that you determine whether the cashier has stolen cash from the business and, if so, how much. Schaeffer also asks you to identify how the cashier has attempted to conceal the theft. To make this determination, you perform your own bank reconciliation using the format illustrated in the chapter. There are no bank or book errors. Schaeffer also asks you to evaluate the internal controls and to recommend any changes needed to improve them.

(10分)

三. The 19X6 comparative income statement and the 19X6 comparative balance sheet of Adler, Inc., have just been distributed at a meeting of the company's board of directors.

Adler, Inc. Comparative Income Statement Years Ended December 31, 19X6 and 19X5 (amounts in thousands)		
	19X6	19X5
Revenues and gains:		
Sales revenue	\$474	\$310
Gain on sale of equipment (sale price, \$33)	—	18
Totals	<u>\$474</u>	<u>\$328</u>
Expenses and losses:		
Cost of goods sold	\$221	\$162
Salary expense	48	28
Depreciation expense	46	22
Interest expense	13	20
Amortization expense on patent	11	11
Loss on sale of land (sale price, \$61)	—	35
Totals	<u>339</u>	<u>278</u>
Net income	<u>\$135</u>	<u>\$ 50</u>

Adler, Inc. Comparative Balance Sheet December 31, 19X6 and 19X5 (amounts in thousands)		
Assets	19X6	19X5
Cash	\$ 13	\$ 63
Inventories receivable, net	72	61
Inventories	194	181
Long-term investments	31	—
Property, plant, and equipment	401	259
Accumulated depreciation	(244)	(198)
Patents	177	188
Totals	<u>\$ 644</u>	<u>\$ 554</u>
Liabilities and Owners' Equity		
Notes payable, short-term	\$ 32	\$ 101
Accounts payable	63	56
Accrued liabilities	12	17
Notes payable, long-term	147	163
Common stock, no-par	139	61
Retained earnings	251	156
Totals	<u>\$ 644</u>	<u>\$ 554</u>

In discussing the company's results of operations and year-end financial position, the members of the board of directors raise a fundamental question: Why is the cash balance so low? This question is especially troublesome to the board members because 19X6 showed record profits. As the controller of the company, you must answer the question.

(continued)

(背面仍有題目,請繼續作答)

## 三. Required

1. Prepare a statement of cash flows for 19X6 in the format that best shows the relationship between net income and operating cash flow. The company sold no plant assets or long-term investments and issued no notes payable during 19X6. The changes in all current accounts except short-term notes payable arose from operations. There were no noncash investing and financing transactions during the year. Show all amounts in thousands.
2. Answer the board members' question: Why is the cash balance so low? In explaining the business's cash flows, identify two significant cash receipts that occurred during 19X5 but not in 19X6 (see the comparative income statement). Also point out the two largest cash disbursements during 19X6.
3. Considering net income and the company's cash flows during 19X6, was it a good year or a bad year? Give your reasons.

(15分)

## 四. 簡答題 (15分)

1. Separation of duties is one of the important internal controls. In order to accomplish the purposes of internal control, how should an enterprise separate the duties? Why do frauds still occur even though there is perfect separation of duties? (5分)
2. What is off-balance-sheet risk? Explain it by using the future transaction. (5分)
3. Do balance sheet and income statement provide all of the information related to financial positions and operation results of an enterprise? If not, list the reasons. (5分)

## 五.

The beginning balance sheet of Fairchild Industries, Inc., recently included:

Investments in Affiliates ..... \$84,057,000

Investments in Affiliates refers to investments accounted for by the equity method. Fairchild included its short-term investments among the current assets. Assume the company completed the following investment transactions during the year:

- Jan. 3 Purchased 5,000 shares of common stock as a short-term investment, paying 9% per share plus brokerage commission of \$1,350. Debit Short-Term Investments.
- Oct. 24 Sold other short-term investments for \$226,000, less brokerage commission of \$11,400. Cost of these investments was \$231,800.
- Dec. 15 Received cash dividend of \$23,000 from affiliated company.
- 31 Received annual reports from affiliated companies. Their total net income for the year was \$740,000. Of this amount, Fairchild's proportion is 30 percent.

## Required

1. Record the transactions in the general journal of Fairchild Industries.

(7分)

六.

On May 31, Krakow Tool Company had a \$104,300 debit balance in Accounts Receivable. During June the company had sales revenue of \$788,000, which includes \$640,000 in credit sales. Other data for June include:

Collections on accounts receivable, \$599,400

Write-offs of uncollectible receivables, \$6,100

May 31 unadjusted balance in Allowance for Uncollectible Accounts, \$2,200 (credit)

Uncollectible account expense, estimated as 2 percent of credit sales

*Required*

1. Record uncollectible account expense for June by the *direct write-off* method.
2. Record uncollectible account expense and write-offs of customer accounts for June by the *allowance* method.
3. What amount of uncollectible account expense would Krakow Tool Company report on its June income statement under the two methods? Which amount better matches expense with revenue? Give your reason.
4. What amount of *net* accounts receivable would Krakow Tool Company report on its June 30 balance sheet under the two methods? Which amount is more realistic? Give your reason.

(8分)