※題本共二大題，20小題，請按順序作答

一、簡答題（每小題5分，請扼要、按順序作答，本大題共40分）

(1) What is the control advantage of the net method of accounting for inventory purchases?
(2) Define the Foreign Corrupt Practices Act.
(3) What is the contingent liability? Explain the contingent liability created by issuance of stock at a discount.
(4) Give three examples of conservative accounting methods, stating why the methods are conservative.
(5) What use is made of common-size statements?
(6) Why are depreciation, depletion, and amortization expenses not reported on a cash flow statement that reports operating activities by the direct method? Why are how are these expenses reported on a statement prepared by the indirect method?
(7) What is off-balance-sheet financing? Give two examples.
(8) What distinguishes a constant-dollar accounting from a current-cost accounting?

二、計算題（每小題5分，請列出計算式，按順序作答，本大題共60分）

1. Linko's Corporation has two products in its ending inventory, each accounted for at the lower of cost or market. A profit margin of 30% on selling price is considered normal for each product. Sepcific data with respect to each product follows:

	A2	A1
Historical cost	\$30	\$45
Replacement cost	34	43
Estimated cost to dispose	10	26
Estimated selling price	60	100

In pricing its ending inventory using the lower of cost or market, what unit values should Linko's use for A1 and A2 respectively?

2. Pizza House's checkbook balance on Dec. 31, 1994 was \$26,500. In addition Pizza House held the following items in it safe on Dec. 31.
   1) A check for \$550 from Peterson, Inc. received Dec. 30, 1994 which was not included in the checkbook balance.
   2) An NSF check from Gaffner Co. in the amount of \$900 that had been deposited at the bank, but was returned for lack of sufficient funds on Dec. 29. The check was to be redeposited on Jan. 3, 1995. The original deposit has been included in the Dec. 31 checkbook balance.
   3) Coin and currency on hand amounted to \$1,800.

   What amount should be reported on Pizza House's balance sheet for cash at December 31, 1994?

3. Peace Co. purchased land as a factory site for \$350,000. Peace paid \$36,000. to tear down two buildings on the land. Salvage was sold for \$2,700. Legal fees of \$1740 were paid for title investigation and making the purchase. Surveying before construction cost \$520. Architect's fees were \$15,600. Title insurance cost \$1,200, and liability insurance during construction cost \$1,300. Excavation cost \$4,700. The contractor was paid \$1,280,000. An assessment made by the city for pavement was \$3,200. Interest cost during construction were \$93,000. What amount should be recorded by Peace Co. for land and buildings respectively?

4. The Fizz Co. inaugurated a new sales promotional program. For every 10 bottle caps returned to Fizz, customer receive an attractive prize. Fizz estimates that only 50% of the bottle caps reaching the consumer market will be redeemed. Additional information is as follows:

	Units	Amount
Sale of bottles	2,000,000	\$600,000
Prizes purchased by Fizz	110,000	82,500

Prizes distributed to customers is 39,000 units. At the end of its year, Fizz recognized a liability equal to the estimated cost of potential prizes outstanding. What is the amount of this estimated liability?

5. On October 1, 1992, Park Co. purchased 200 of the \$1,000 face value, 10% bonds of Ott, Inc., for \$220,000, including accrued interest of \$5,000. The bonds which mature on January 1, 1999, pay interest semiannually on January 1 and July 1. Park used the straight-line method of amortization and appropriately recorded the bonds as a long-term investment. What amount of the bonds should be reported on Park's December 31, 1993 balance sheet?

6. During 1993, Omni, Inc. purchased \$1,800,000 of inventory. The cost of goods sold for 1993 was \$1,500,000 and the ending inventory at December 31, 1993, was \$400,000. What was the inventory turnover for 1993?

7. Hill Co. was organized on Jan. 1, 1993, with 300,000 shares of common stock with a $6 par value authorized. During 1993 Hill had the following stock transactions:
   - Jan. 4 Issued 120,000 shares at $10 per share.
   - Mar. 8 Issued 40,000 shares at $11 a share
   - May 17 Purchased 15,000 shares at $12 per share.
   - July 6 Issued 30,000 shares at $13 a share.
   - Aug. 27 Sold 10,000 treasury shares at $14 per share.

   Hill used the FIFO method for purchase sale purposes. Additionally, Hill used the par value method to record the purchase and reissuance of the treasury shares. What is the total amount of additional paid-in capital as of December 31, 1993?

8. Passages Inc., had net income for 1993 of $5,000,000. Additional information is as follows:

Amortization of goodwill	$ 40,000
Depreciation on fixed assets	1,500,000
Long-term debt:	
Bond premium amortization	60,000
Interest paid	800,000
Provision for doubtful accounts:	
Current receivables	75,000
Long-term Hontrade receivables	25,000

   What should be the net cash provided by operating activities in the statement of cash flows for the year ended Dec. 31, 1993, based solely on the above information?

9. Bell Co. has outstanding 20,000 shares of 10% prefered stock with a $10 par value and 100,000 shares of $3 par value common stock. Dividends have been paid every year except last year and the current year. Assuming that $130,000 will be distributed, and the preferred stock is cumulative and fully participating, how much will the common stockholders receive?

10. Lerner, Bates, and Marks were partners with capital account balances of $62,000, $38,000, and $20,000, respectively, and shared income and losses in a 1:2:2 ratio. The partners decided to liquidate their firm when its assets consisted of $8,000 cash and $124,000 of other assets, and liabilities were $12,000. The other assets were sold for $44,000 and the liabilities were paid. Assuming that any partner developing a debit balance in his/her capital account was unable to pay the deficiency, how much would Lerner receive?

11. Hennon Company has (incorrectly) determined its 1992 and 1993 net income figures to be $115,000 and $110,000, respectively. In a first-time audit of the company's financial statements, you determine the following errors:
    1) Merchandise inventory was incorrectly determined: $5,000 overstatement for 1992 and $15,000 overstatement for 1993.
    2) Revenue received in advance in 1992 of $25,000 was credited to a revenue account when received. Of the $25,000, $5,000 was earned in 1992, $12,000 was earned in 1993 and the remainder will be earned in 1994.
    3) A $12,000 gain on the sale of plant assets in 1993 was erroneously credited to the retained earnings account.

    Determine the correct net income for 1992 and 1993.

12. Alice Company received $40,000 in cash and a used machine with a market value of $360,000 from Belk Co. for Alice's existing machine having a market value of $400,000 and an undepreciated cost of $320,000 recorded on its books. How much gain should Alice recognize on this exchange, and at what amount should the acquired machine be recorded, respectively?