

一. MULTIPLE CHOICES (60%)

* PICK UP ONLY ONE ANSWER. *

1. The two primary qualities that make accounting information useful for decision making are
 - a. comparability and consistency.
 - b. materiality and timeliness.
 - c. relevance and reliability.
 - d. reliability and comparability.
2. Which of the following serves as the justification for the periodic recording of depreciation expense?
 - a. Association of efforts (expense) with accomplishments (revenue)
 - b. Systematic and rational allocation of cost over the periods benefited
 - c. Immediate recognition of an expense
 - d. Minimization of income tax liability
3. Trade-offs between the characteristics that make information useful may be necessary or beneficial. Issuance of interim financial statements is an example of a trade-off between
 - a. relevance and reliability.
 - b. reliability and periodicity.
 - c. timeliness and materiality.
 - d. understandability and timeliness.
4. Year-end net assets would be overstated and current expenses would be understated as a result of failure to record which of the following adjusting entries?
 - a. Expiration of prepaid insurance
 - b. Depreciation of fixed assets
 - c. Accrued wages payable
 - d. All of these
5. If the inventory account at the end of the year is understated, the effect will be to
 - a. overstate the gross profit on sales.
 - b. understate the net purchases.
 - c. overstate the cost of goods sold.
 - d. overstate the goods available for sale.
6. Which of the following should be reported as a prior period adjustment?

	Change in Estimated Lives of Depreciable Assets	Change from Unaccepted Principle to Accepted Principle
a.	Yes	Yes
b.	No	Yes
c.	Yes	No
d.	No	No

(背面仍有題目,請繼續作答)

7. Which of the following methods of determining bad debts expense does not properly match expense and revenue?
- Charging bad debts with a percentage of sales under the allowance method.
 - Charging bad debts with an amount derived from a percentage of accounts receivable under the allowance method.
 - Charging bad debts with an amount derived from aging accounts receivable under the allowance method.
 - Charging bad debts as accounts are written off as uncollectible.

Dart Co. is making a four-column bank reconciliation at June 30 from the following data. The amounts per bank statement were: Balance May 31, \$5,200; June Receipts, \$10,400; June Disbursements, \$11,000. The amounts per books were: Balance May 31, \$6,335; June Receipts, \$8,948; June Disbursements, \$11,235; Balance June 30, \$4,048.

	May 31	June 30
Deposits in transit	\$1,200	\$1,500
Outstanding checks	670	840
The bank overlooked a check for \$75 when recording a deposit on June 10.		
Note collected by bank, recorded after receiving the bank statement		1,800
Service charge, recorded after receiving the bank statement	45	60
NSF checks recorded after receiving the bank statement	560	480
Dart recorded a \$374 check received from a customer in June as \$347.		

Use the above information to answer the following question:

8. The corrected balance per bank on June 30 is
- \$5,185.
 - \$5,260.
 - \$5,335.
 - \$6,175.

Use the above information to answer the following question:

9. The corrected June receipts per books is
- \$8,975.
 - \$10,721.
 - \$10,748.
 - \$10,775.

Use the above information to answer the following question:

10. The corrected June disbursements per books is
- \$10,830.
 - \$11,170.
 - \$11,250.
 - \$11,300.

11. The acquisition cost of a certain raw material changes frequently. The book value of the inventory of this material at year end will be the same if perpetual records are kept as it would be under a periodic inventory method only if the book value is computed under the
- weighted-average method.
 - moving average method.
 - LIFO method.
 - FIFO method.

12. How should the following costs affect a retailer's inventory valuation?

	<u>Freight-in</u>	<u>Interest on Inventory Loan</u>
a.	Increase	No effect
b.	Increase	Increase
c.	No effect	Increase
d.	No effect	No effect

13. When the conventional retail inventory method is used, markdowns are commonly ignored in the computation of the cost to retail ratio because
- there may be no markdowns in a given year.
 - this tends to give a better approximation of the lower of cost or market.
 - markups are also ignored.
 - this tends to result in the showing of a normal profit margin in a period when no markdown goods have been sold.

14. Dean Co. uses the retail inventory method to estimate its inventory for interim statement purposes. Data relating to the computation of the inventory at July 31, 1996, are as follows:

	<u>Cost</u>	<u>Retail</u>
Inventory, 2/1/96	\$ 180,000	\$ 250,000
Purchases	1,020,000	1,575,000
Markups, net		175,000
Sales		1,705,000
Estimated normal shoplifting losses		20,000
Markdowns, net		125,000

Under the approximate lower of average cost or market retail method, Dean's estimated inventory at July 31, 1996 is

- \$90,000.
- \$96,000.
- \$102,000.
- \$150,000.

15. At December 31, 1996, the following information was available from Huff Co.'s accounting records:

	Cost	Retail
Inventory, 1/1/96	\$147,000	\$ 203,000
Purchases	833,000	1,155,000
Additional markups		42,000
Available for sale	\$980,000	\$1,400,000

Sales for the year totaled \$1,106,000. Markdowns amounted to \$14,000. Under the approximate lower of average cost or market retail method, Huff's inventory at December 31, 1996 was

- a. \$308,000.
 - b. \$280,000.
 - c. \$215,600.
 - d. \$196,000.
16. Which of the following statements is true regarding capitalization of interest?
- a. Interest cost capitalized in connection with the purchase of land to be used as a building site should be debited to the land account and not to the building account.
 - b. The amount of interest cost capitalized during the period should not exceed the actual interest cost incurred.
 - c. When excess borrowed funds not immediately needed for construction are temporarily invested, any interest earned should be offset against interest cost incurred when determining the amount of interest cost to be capitalized.
 - d. The minimum amount of interest to be capitalized is determined by multiplying a weighted average interest rate by the amount of average accumulated expenditures on qualifying assets during the period.
17. On January 2, 1996, Speedy Delivery Company traded in an old delivery truck for a newer model. Data relative to the old and new trucks follow:

Old Truck

Original cost	\$12,000
Accumulated depreciation as of January 2, 1996	8,000
Average published retail value	3,500

New Truck

List price	\$17,000
Cash price without trade-in	15,000
Cash paid with trade-in	12,500

What should be the cost of the new truck for financial accounting purposes?

- a. \$12,500.
- b. \$15,000.
- c. \$16,000.
- d. \$17,000.

18. Which of the following methods must be used to account for the depletion of oil and gas resources for financial reporting purposes?
- Successful efforts method
 - Full costing method
 - Reserve recognition accounting method
 - Either the successful efforts or the full costing method
19. On July 1, 1995, Jimenez Corporation purchased factory equipment for \$126,000. Salvage value was estimated to be \$3,500. The equipment will be depreciated over ten years using the double-declining balance method. Counting the year of acquisition as one-half year, Jimenez should record depreciation expense for 1996 on this equipment of
- \$25,200.
 - \$22,680.
 - \$22,050.
 - \$20,160.
20. Gomez Corp. incurred \$160,000 of research and development costs to develop a product for which a patent was granted on January 2, 1991. Legal fees and other costs associated with registration of the patent totaled \$30,000. On March 31, 1996, Gomez paid \$45,000 for legal fees in a successful defense of the patent. The total amount capitalized for the patent through March 31, 1996 should be
- \$75,000.
 - \$190,000.
 - \$205,000.
 - \$235,000.
21. On May 5, 1996, May Corp. exchanged 2,000 shares of its \$25 par value treasury common stock for a patent owned by Crue Co. The treasury shares were acquired in 1995 for \$40,000. At May 5, 1996, May's common stock was quoted at \$27 per share, and the patent had a carrying value of \$45,000 on Crue's books. May should record the patent at
- \$40,000.
 - \$45,000.
 - \$50,000.
 - \$54,000.

22. On February 10, 1996, after issuance of its financial statements for 1995, Gump Company entered into a financing agreement with State Bank, allowing Gump Company to borrow up to \$3,000,000 at any time through 1998. Amounts borrowed under the agreement bear interest at 2% above the bank's prime interest rate and mature two years from the date of loan. Gump Company presently has \$1,200,000 of notes payable with City National Bank maturing March 15, 1996. The company intends to borrow \$2,500,000 under the agreement with State and liquidate the notes payable to City National. The agreement with State also requires Gump to maintain a working capital level of \$6,000,000 and prohibits the payment of dividends on common stock without prior approval by State Bank. From the above information only, the total short-term debt of Gump Company as of the December 31, 1995 balance sheet date is
- \$0.
 - \$1,200,000.
 - \$1,500,000.
 - \$3,000,000.
23. Watson Co. is being sued for illness caused to local residents as a result of negligence on the company's part in permitting the local residents to be exposed to highly toxic chemicals from its plant. Watson's lawyer states that it is probable that Watson will lose the suit and be found liable for a judgment costing Watson anywhere from \$500,000 to \$2,500,000. However, the lawyer states that the most probable cost is \$1,500,000. As a result of the above facts, Watson should accrue
- a loss contingency of \$500,000 and disclose an additional contingency of up to \$2,000,000.
 - a loss contingency of \$1,500,000 and disclose an additional contingency of up to \$1,000,000.
 - a loss contingency of \$1,500,000 but NOT disclose any additional contingency.
 - no loss contingency but disclose a contingency of \$500,000 to \$2,500,000.
24. On July 1, 1994, Mucha, Inc. issued 9% bonds in the face amount of \$1,000,000, which mature on July 1, 2004. The bonds were issued for \$939,000 to yield 10%, resulting in a bond discount of \$61,000. Mucha uses the interest method of amortizing bond discount. Interest is payable annually on June 30. At June 30, 1996, Mucha's unamortized bond discount should be
- \$52,810.
 - \$51,000.
 - \$48,800.
 - \$43,000.
25. A company wishes to raise funds by issuing either bonds or cumulative preferred stock. How will the annual interest or dividend affect total liabilities each year?
- Interest is a current liability each year (until paid).
 - Undeclared cumulative preferred dividends are a current liability each year (until paid).
 - Both interest and undeclared cumulative preferred dividends are current liabilities each year (until paid).
 - Interest and cumulative preferred dividends in arrears are current liabilities each year (until paid).

26. Ziegler, Inc. has 20,000 shares of \$10 par value common stock and 10,000 shares of \$10 par value, 9%, cumulative, participating preferred stock outstanding. Dividends on the preferred stock are one year in arrears. Assuming that Ziegler wishes to distribute \$60,000 as dividends, the common stockholders will receive
- \$18,000.
 - \$26,000.
 - \$34,000.
 - \$30,000.

27. On September 1, 1996, the Baker Company acquired \$30,000 face value 10% bonds of Harvey Corporation at 104 plus accrued interest. The bonds were dated May 1, 1996, and mature on April 30, 2001, with interest payable each October 31 and April 30. The bonds will be held to maturity.

What entry should Baker make to record the purchase of the bonds on September 1, 1996?

a. Held-to-Maturity Securities	31,200	
Interest Revenue	1,000	
Cash		32,200
b. Held-to-Maturity Securities	32,200	
Cash		32,200
c. Held-to-Maturity Securities	32,200	
Interest Revenue		1,000
Cash		31,200
d. Held-to-Maturity Securities	30,000	
Premium on Bonds	2,200	
Cash		32,200

28. Lease A does not contain a bargain purchase option, but the lease term is equal to 90 percent of the estimated economic life of the leased property. Lease B does not transfer ownership of the property to the lessee by the end of the lease term, but the lease term is equal to 75 percent of the estimated economic life of the leased property. How should the lessee classify these leases?

	Lease A	Lease B
a.	Operating lease	Capital lease
b.	Operating lease	Operating lease
c.	Capital lease	Capital lease
d.	Capital lease	Operating lease

29. On December 31, 1996, Pate Co. leased a machine from Colt for a five-year period. Equal annual payments under the lease are \$105,000 (including \$5,000 annual executory costs) and are due on December 31 of each year. The first payment was made on December 31, 1996, and the second payment was made on December 31, 1997. The five lease payments are discounted at 10% over the lease term. The present value of minimum lease payments at the inception of the lease and before the first annual payment was \$417,000. The lease is appropriately accounted for as a capital lease by Pate. In its December 31, 1997 balance sheet, Pate should report a lease liability of
- a. \$317,000.
 - b. \$315,000.
 - c. \$285,300.
 - d. \$248,700.
30. Which of the following should be reported as a prior period adjustment?

	<u>Change in Estimated Lives of Depreciable Assets</u>	<u>Change from Unaccepted Principle to Accepted Principle</u>
a.	Yes	Yes
b.	No	Yes
c.	Yes	No
d.	No	No

二、工商時報 89 年 4 月 10 日就台積電合併世大及德基兩公司後，被合併公司之股東是否必須認列非貨幣資產交換利益報導業界不同之看法。(20%)

1. 試說明非貨幣資產交換之會計處理原則(Hint:同類與異類資產交換產生損益時雙方如何處理)。
2. 經合併後台積電為存續公司，世大及德基為消滅公司，其股東分別按照特定比率將原投資之世大及德基兩公司之股票換取台積電股票。試說明本案世大及德基兩公司之股東應否認列資產交換利益。
3. 就妳所知，證期會及會計研究發展基金會對本案之立場傾向採用何種會計處理方法(同類或異類資產交換)?妳對其立場是否認同?試申述之。

三、近年來高科技公司在資本市場之表現讓許多依賴財務報表分析之投資人在疑慮中錯失獲利機會。試申論:

(20%)

1. 何謂會計?
2. 財務報表必須具備那些主要及次要品質特徵方能幫投資人作決策?
3. 高科技公司之財務報表是否具備這些品質特徵以達到幫投資人作決策之目的?其癥結何在?
4. OTC 放寬第二類股之掛牌資格如何影響投資人對財務報表之倚賴?
5. 面對高倍數變革的時代，妳對會計這個專業之前景有何看法?