

一、選擇題：每題2分，計60分。

1. Financial accounting can be broadly defined as the area of accounting that prepares
 - a. general purpose financial statements to be used by parties internal to the business enterprise only.
 - b. financial statements to be used by investors only.
 - c. general purpose financial statements to be used by parties both internal and external to the business enterprise.
 - d. financial statements to be used primarily by management.
2. The purpose of the International Accounting Standards Committee is to
 - a. issue enforceable standards which regulate the financial accounting and reporting of multinational corporations.
 - b. develop a uniform currency in which the financial transactions of companies throughout the world would be measured.
 - c. promote uniform accounting standards among countries of the world.
 - d. arbitrate accounting disputes between auditors and international companies.
3. What accounting concept justifies the usage of accruals and deferrals?
 - a. Going concern assumption
 - b. Materiality constraint
 - c. Consistency characteristic
 - d. Monetary unit assumption
4. The basic accounting concept that refers to the tendency of accountants to resolve uncertainty in favor of understating assets and revenues and overstating liabilities and expenses is known as the
 - a. conservatism constraint.
 - b. materiality constraint.
 - c. substance over form principle.
 - d. industry practices constraint.
5. Why are certain costs of doing business capitalized when incurred and then depreciated or amortized over subsequent accounting cycles?
 - a. To reduce the federal income tax liability
 - b. To aid management in cash-flow analysis
 - c. To match the costs of production with revenues as earned
 - d. To adhere to the accounting constraint of conservatism
6. Shank Corporation made a very large arithmetical error in the preparation of its year-end financial statements by improper placement of a decimal point in the calculation of depreciation. The error caused the net income to be reported at almost double the proper amount. Correction of the error when discovered in the following year should be treated as
 - a. an increase in depreciation expense for the year in which the error is discovered.
 - b. a component of income for the year in which the error is discovered, but separately listed on the income statement and fully explained in a note to the financial statements.
 - c. an extraordinary item for the year in which the error was made.
 - d. a prior period adjustment.

(背面仍有題目,請繼續作答)

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7. Which of the following post-balance sheet events would generally require disclosure, but no adjustment of the financial statements?
- Retirement of the company president
 - Settlement of litigation when the event that gave rise to the litigation occurred prior to the balance sheet date
 - Employee strikes
 - Issue of a large amount of capital stock
8. In preparing its bank reconciliation for the month of April 1998, Franklin, Inc. has available the following information.

Balance per bank statement, 4/30/98	\$39,140
NSF check returned with 4/30/98 bank statement	450
Deposits in transit, 4/30/98	5,000
Outstanding checks, 4/30/98	5,200
Bank service charges for April	20

What should be the correct balance of cash at April 30, 1998?

- \$39,370
 - \$38,940
 - \$38,490
 - \$38,470
9. Which of the following is true regarding the use of LIFO for inventory valuation?
- If LIFO is used for external financial reporting, then it must also be used for internal reports.
 - For purposes of external financial reporting, LIFO may not be used with the lower of cost or market approach.
 - If LIFO is used for external financial reporting, then it cannot be used for tax purposes.
 - None of these.
10. Lark 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. Specific data with respect to each product follows:

	Product #1	Product #2
Historical cost	\$40.00	\$ 60.00
Replacement cost	45.00	54.00
Estimated cost to dispose	10.00	26.00
Estimated selling price	80.00	130.00

In pricing its ending inventory using the lower of cost or market, what unit values should Lark use for products #1 and #2, respectively?

- \$40.00 and \$65.00.
- \$46.00 and \$65.00.
- \$46.00 and \$60.00.
- \$45.00 and \$54.00.

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11. Which of the following statements is true regarding capitalization of interest?
- 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.
 - The amount of interest cost capitalized during the period should not exceed the actual interest cost incurred.
 - 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.
 - 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.

USE THE FOLLOWING INFORMATION FOR QUESTION 12 & 13.

On March 1, 1998, Ford Company purchased land for an office site by paying \$180,000 cash. Ford began construction on the office building on March 1. The following expenditures were incurred for construction:

<u>Date</u>	<u>Expenditures</u>
March 1, 1998	\$120,000
April 1, 1998	168,000
May 1, 1998	300,000
June 1, 1998	480,000

The office was completed and ready for occupancy on July 1. To help pay for construction, \$240,000 was borrowed on March 1, 1998 on a 9%, 3-year note payable. Other than the construction note, the only debt outstanding during 1998 was a \$100,000, 12%, 6-year note payable dated January 1, 1998.

12. The weighted-average accumulated expenditures on the construction project during 1998 were
- \$128,000.
 - \$978,000.
 - \$81,500.
 - \$232,000.
13. Assume the weighted-average accumulated expenditures for the construction project are \$290,000. The amount of interest cost to be capitalized during 1998 is
- \$26,100.
 - \$27,600.
 - \$30,000.
 - \$33,600.

(背面仍有題目,請繼續作答)

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14. In January, 1998, Roswell Corporation purchased a mineral mine for \$3,400,000 with removable ore estimated by geological surveys at 2,000,000 tons. The property has an estimated value of \$200,000 after the ore has been extracted. The company incurred \$1,000,000 of development costs preparing the mine for production. During 1998, 500,000 tons were removed and 400,000 tons were sold. What is the amount of depletion that Roswell should EXPENSE for 1998?
- \$640,000
 - \$800,000
 - \$840,000
 - \$1,120,000
15. The proper accounting for the costs incurred in creating computer software products that are to be sold, leased, or otherwise marketed to external parties, is to
- capitalize all costs until the software is sold to external parties.
 - charge research and development expense when incurred until technological feasibility has been established for the product.
 - charge research and development expense only if the computer software has alternative future uses.
 - capitalize all costs as incurred until a detailed program design or working model is created.
16. Gomez Corporation, a manufacturer of household paints, is preparing annual financial statements at December 31, 1998. Because of a recently proven health hazard in one of its paints, the government has clearly indicated its intention of having Gomez recall all cans of this paint sold in the last six months. The management of Gomez estimates that this recall would cost \$800,000. What accounting recognition, if any, should be accorded this situation?
- No recognition
 - Note disclosure only
 - Operating expense of \$800,000 and liability of \$800,000
 - Appropriation of retained earnings of \$800,000
17. Stone, Inc. issued bonds with a maturity amount of \$200,000 and a maturity ten years from date of issue. If the bonds were issued at a premium, this indicates that
- the yield (effective or market) rate of interest exceeded the nominal (stated) rate.
 - the nominal rate of interest exceeded the yield rate.
 - the yield and nominal rates coincided.
 - no necessary relationship exists between the two rates.

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18. The generally accepted method of accounting for gains or losses from the early extinguishment of debt treats any gain or loss as
- an adjustment to the cost basis of the asset obtained by the debt issue.
 - an amount that should be considered a cash adjustment to the cost of any other debt issued over the remaining life of the old debt instrument.
 - an amount received or paid to obtain a new debt instrument and, as such, should be amortized over the life of the new debt.
 - a difference between the reacquisition price and the net carrying amount of the debt which should be recognized in the period of redemption.
19. On January 1, 1998, Hampton Co. redeemed its 15-year bonds of \$300,000 par value for 102. They were originally issued on January 1, 1986 at 98 with a maturity date of January 1, 2001. The bond issue costs relating to this transaction were \$18,000. Hampton amortizes discounts, premiums, and bond issue costs using the straight-line method. What amount of extraordinary loss should Hampton recognize on the redemption of these bonds (ignore taxes)?
- \$10,800.
 - \$7,200.
 - \$6,000.
 - \$0.
20. How should a "gain" from the sale of treasury stock be reflected when using the cost method of recording treasury stock transactions?
- As ordinary earnings shown on the income statement.
 - As paid-in capital from treasury stock transactions.
 - As an increase in the amount shown for common stock.
 - As an extraordinary item shown on the income statement.
21. An investment in marketable securities was accounted for by the cost method. These securities were distributed to stockholders as a property dividend in a nonreciprocal transfer. The dividend should be reported at the
- fair value of the asset transferred or the recorded amount of the asset transferred, whichever is higher.
 - fair value of the asset transferred or the recorded amount of the asset transferred, whichever is lower.
 - fair value of the asset transferred.
 - recorded amount of the asset transferred.

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22. Pryor Corporation had two issues of securities outstanding: common stock and an 8% convertible bond issue in the face amount of \$16,000,000. Interest payment dates of the bond issue are June 30th and December 31st. The conversion clause in the bond indenture entitles the bondholders to receive forty shares of \$20 par value common stock in exchange for each \$1,000 bond. On June 30, 1998, the holders of \$2,400,000 face value bonds exercised the conversion privilege. The market price of the bonds on that date was \$1,100 per bond and the market price of the common stock was \$35. The total unamortized bond discount at the date of conversion was \$1,000,000. In applying the book value method, what amount should Pryor credit to the account "paid-in capital in excess of par," as a result of this conversion?
- \$330,000.
 - \$160,000.
 - \$1,440,000.
 - \$720,000.
23. Cone, Inc., owns 35% of Little Corporation. During the calendar year 1998, Little had net earnings of \$300,000 and paid dividends of \$30,000. Cone mistakenly recorded these transactions using the fair value method rather than the equity method of accounting. What effect would this have on the investment account, net income, and retained earnings, respectively?
- Understate, overstate, overstate
 - Overstate, understate, understate
 - Overstate, overstate, overstate
 - Understate, understate, understate
24. Cost estimates at the end of the second year indicate a loss will result on completion of the entire contract. Which of the following statements is correct?
- Under the completed-contract method, the loss is not recognized until the year the construction is completed.
 - Under the percentage-of-completion method, the gross profit recognized in the first year must not be changed.
 - Under the completed-contract method, when the billings exceed the accumulated costs, the amount of the estimated loss is reported as a current liability.
 - Under the completed-contract method, when the Construction in Process balance exceeds the billings, the estimated loss is added to the accumulated costs.

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25. West Construction Company uses the percentage-of-completion method of accounting. In 1998, West began work on a contract it had received which provided for a contract price of \$5,000,000. Other details follow:

	1998
Costs incurred during the year	\$2,400,000
Estimated costs to complete as of December 31	1,600,000
Billings during the year	2,200,000
Collections during the year	1,300,000

What should be the gross profit recognized in 1998?

- a. \$200,000.
 - b. \$2,600,000.
 - c. \$600,000.
 - d. \$1,000,000.
26. Price Corporation's partial income statement after its first year of operations is as follows:

Income before income taxes		\$1,250,000
Income tax expense		
Current	\$345,000	
Deferred	30,000	375,000
Net income		<u>\$ 875,000</u>

Price uses the straight-line method of depreciation for financial reporting purposes and accelerated depreciation for tax purposes. The amount charged to depreciation expense on its books this year was \$500,000. No other differences existed between book income and taxable income except for the amount of depreciation.

Assuming a 30% tax rate, what amount was deducted for depreciation on the corporation's tax return for the current year?

- a. \$400,000.
 - b. \$475,000.
 - c. \$500,000.
 - d. \$600,000.
27. In accounting for a pension plan, any difference between the pension cost charged to expense and the payments into the fund should be reported as
- a. an offset to the liability for prior service cost.
 - b. accrued or prepaid pension cost.
 - c. an accrued actuarial liability.
 - d. a charge or credit to unrealized appreciation and depreciation.

(背面仍有題目,請繼續作答)

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28. Lyle Company leased equipment from the Kim Company on July 1, 1998, for an eight-year period expiring June 30, 2006. Equal annual payments under the lease are \$200,000 and are due on July 1 of each year. The first payment was made on July 1, 1998. The rate of interest contemplated by Lyle and Kim is 8%. The cash selling price of the equipment is \$1,241,250 and the cost of the equipment on Kim's accounting records was \$1,100,000. Assuming that the lease is appropriately recorded as a sale for accounting purposes by Kim, what is the amount of profit on the sale and the interest income that Kim would record for the year ended December 31, 1998?
- \$0 and \$0.
 - \$0 and \$41,650.
 - \$141,250 and \$41,650.
 - \$141,250 and \$49,650.
29. Accounting changes are often made and the monetary impact is reflected in the financial statements of a company even though, in theory, this may be a violation of the accounting concept of
- materiality.
 - consistency.
 - conservatism.
 - objectivity.
30. It is an objective of the statement of cash flows to
- disclose changes during the period in all asset and all equity accounts.
 - disclose the change in working capital during the period.
 - provide information about the operating, investing, and financing activities of an entity during a period.
 - none of these.

二. 計算 EPS 10分

Assume that the following data relative to Eddy Company for 2001 is available:

Net Income \$2,400,000

<u>Transactions in Common Shares</u>	<u>Change</u>	<u>Cumulative</u>
Jan. 1, 2001, Beginning number		1,000,000
Mar. 1, 2001, Purchase of treasury shares	(60,000)	940,000
June 1, 2001, Stock split 2-1	940,000	1,880,000
Nov. 1, 2001, Issuance of shares	120,000	2,000,000

8% Cumulative Convertible Preferred Stock

Sold at par, convertible into 200,000 shares of common (adjusted for split). \$1,000,000

Stock Options

Exercisable at the option price of \$25 per share. Average market price in 2001, \$30 (market price and option price adjusted for split). 60,000 shares

Instructions

- Compute the basic earnings per share for 2001. (Round to the nearest penny.)
- Compute the diluted earnings per share for 2001. (Round to the nearest penny.)

三. 分錄 10分

大成公司於民國 91 年 1 月 1 日以現金\$1,000,000 購入機器設備乙部，估計耐用年限 10 年，無殘值。依促進產業升級條例規定，得享受購入價格 10%之所得稅抵減，惟所得稅抵減數以當年度應納營利事業所得稅額之半數為限，並於五年內抵減。假設該公司當年度申報及財務會計均採直線法提列折舊，且 91 至 100 年度每年稅前純益均為\$1,000,000，所得稅率為 25%。請分別以遞延法和當期認列法製作該公司 91 年和 92 年度有關購入機器設備和所得稅抵減之分錄。

四. 有關高科技產業員工分紅配股問題一向頗受爭議。 10分

- 有關高科技產業員工分紅配股問題一向頗受爭議。
- (1) 員工分紅配股在會計處理方面，我國和美國有何不同？
- (2) 不同的會計處理方法對管理當局和投資人有何影響？

(背面仍有題目,請繼續作答)

五

10分

On January 1, 2001, Elston Company sells land to Randle Corporation for \$4,000,000, and immediately leases the land back. The following information relates to this transaction:

1. The term of the noncancelable lease is 20 years and the title transfers to Elston Company at the end of the lease term.
2. The land has a cost basis of \$3,360,000 to Elston.
3. The lease agreement calls for equal rental payments of \$407,408 at the end of each year.
4. The land has a fair market value of \$4,000,000 on January 1, 2001.
5. The incremental borrowing rate of Elston Company is 10%. Elston is aware that Randle Corporation set the annual rentals to insure a rate of return of 8%.
6. Elston Company pays all executory costs which total \$170,000 in 2001.
7. Collectibility of the rentals is reasonably predictable, and there are no important uncertainties surrounding the costs yet to be incurred by the lessor.

Instructions

- (a) Prepare the journal entries for the entire year 2001 on the books of Elston Company to reflect the above sale and lease transactions (include a partial amortization schedule and round all amounts to the nearest dollar.)
- (b) Prepare the journal entries for the entire year 2001 on the books of Randle Corporation to reflect the above purchase and lease transactions.