一、選擇題，每題 3 分（75 分）

1. Financial accounting standard-setting in the United States
   a. can be described as a social process which reflects political actions of various interested user groups as well as a product of research and logic.
   b. is based solely on research and empirical findings.
   c. is a legalistic process based on rules promulgated by governmental agencies.
   d. is democratic in the sense that a majority of accountants must agree with a standard before it becomes enforceable.

2. Preparation of consolidated financial statements when a parent-subsidiary relationship exists is an example of the
   a. economic entity assumption.
   b. relevance characteristic.
   c. comparability characteristic.
   d. neutrality characteristic.

3. Generally, revenue from sales should be recognized at a point when
   a. management decides it is appropriate to do so.
   b. the product is available for sale to the ultimate consumer.
   c. the entire amount receivable has been collected from the customer and there remains no further warranty liability.
   d. none of these.

Falley Corp.'s trial balance of income statement accounts for the year ended December 31, 2004 included the following:

	Debit	Credit
Sales		$280,000
Cost of sales	$120,000	
Administrative expenses	50,000	
Loss on sale of equipment	18,000	
Commissions to salespersons	20,000	
Interest revenue		5,000
Freight-out	6,000	
Loss due to fire damage	30,000	
Bad debt expense	6,000	
Totals	$250,000	$290,000

Other information:
Falley's income tax rate is 30%.
Finished goods inventory:

January 1, 2004	$160,000
December 31, 2004	140,000

On Falley's multiple-step income statement for 2004,

4. Income before extraordinary item is
   a. $70,000.
   b. $40,000.
   c. $49,000.
   d. $28,000.

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The following trial balance of Rosen Corp. at December 31, 2004 has been properly adjusted except for the income tax expense adjustment.

Rosen Corp.
Trial Balance
December 31, 2004

	Dr.	Cr.
Cash	$ 875,000	
Accounts receivable (net)	2,695,000	
Inventory	2,085,000	
Property, plant, and equipment (net)	7,366,000	
Accounts payable and accrued liabilities		$ 1,501,000
Income taxes payable		654,000
Deferred income tax liability		85,000
Common stock		2,350,000
Additional paid-in capital		3,680,000
Retained earnings, 1/1/04		3,650,000
Net sales and other revenues		13,360,000
Costs and expenses	11,080,000	
Income tax expenses	1,179,000	
	$25,280,000	$25,280,000

Other financial data for the year ended December 31, 2004:

- Included in accounts receivable is $800,000 due from a customer and payable in quarterly installments of $100,000. The last payment is due December 29, 2006.

- The balance in the Deferred Income Tax Liability account pertains to a temporary difference that arose in a prior year, of which $30,000 is classified as a current liability.

- During the year, estimated tax payments of $325,000 were charged to income tax expense. The current and future tax rate on all types of income is 30%.

In Rosen's December 31, 2004 balance sheet,

5. The final retained earnings balance is
   a. $4,751,000.
   b. $4,836,000.
   c. $5,076,000.
   d. $5,174,000.

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A trial balance before adjustments included the following:

	Debit	Credit
Sales		$425,000
Sales returns and allowance	$14,000	
Accounts receivable	53,000	
Allowance for doubtful accounts		760

6. If the estimate of uncollectibles is made by taking 10% of gross account receivables, the amount of the adjustment is
   a. $4,540.
   b. $5,300.
   c. $5,224.
   d. $6,060.

7. The cash account shows a balance of $38,000 before reconciliation. The bank statement does not include a deposit of $2,300 made on the last day of the month. The bank statement shows a collection by the bank of $940 and a customer's check for $220 was returned because it was NSF. A customer's check for $450 was recorded on the books as $540, and a check written for $79 was recorded as $97. The correct balance in the cash account was
   a. $38,612.
   b. $38,648.
   c. $38,828.
   d. $40,948.

Dolan Corporation adopted the dollar-value LIFO method of inventory valuation on December 31, 2002. Its inventory at that date was $420,000 and the relevant price index was 100. Information regarding inventory for subsequent years is as follows:

Date	Inventory at Current Prices	Current Price Index
December 31, 2003	$535,000	107
December 31, 2004	580,000	125
December 31, 2005	676,000	130

8. What is the cost of the ending inventory at December 31, 2005 under dollar-value LIFO?
   a. $539,880.
   b. $547,200.
   c. $520,000.
   d. $550,000.

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Sloan Company, a wholesaler, budgeted the following sales for the indicated months:

	June	July	August
Sales on account	$5,580,000	$5,720,000	$5,960,000
Cash sales	360,000	400,000	520,000
Total sales	$5,940,000	$6,120,000	$6,480,000

All merchandise is marked up to sell at its invoice cost plus 20%. Merchandise inventories at the beginning of each month are at 30% of that month's projected cost of goods sold.

9. Merchandise purchases for July are anticipated to be
   a. $4,896,000.
   b. $6,228,000.
   c. $5,110,000.
   d. $5,190,000.

10. Holt Football Co. had a player contract with Vance that is recorded in its books at $1,200,000 on July 1, 2004. Day Football Co. had a player contract with Trent that is recorded in its books at $1,500,000 on July 1, 2004. On this date, Holt traded Vance to Day for Trent and paid a cash difference of $150,000. The fair value of the Trent contract was $1,800,000 on the exchange date. After the exchange, the Trent contract should be recorded in Holt's books at
    a. $1,350,000.
    b. $1,500,000.
    c. $1,650,000.
    d. $1,800,000.

11. During 2004, Bolton Corporation acquired a mineral mine for $3,000,000 of which $400,000 was ascribed to land value after the mineral has been removed. Geological surveys have indicated that 10 million units of the mineral could be extracted. During 2004, 2,000,000 units were extracted and 1,600,000 units were sold. What is the amount of depletion *expensed* for 2004?
    a. $600,000.
    b. $416,000.
    c. $480,000.
    d. $520,000.

12. If a company constructs a laboratory building to be used as a research and development facility, the cost of the laboratory building is matched against earnings as
    a. research and development expense in the period(s) of construction.
    b. depreciation deducted as part of research and development costs.
    c. depreciation or immediate write-off depending on company policy.
    d. an expense at such time as productive research and development has been obtained from the facility.

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13. Farr Products Corp. provides an incentive compensation plan under which its president receives a bonus equal to 20% of the corporation's income in excess of $400,000 before income tax but after the bonus. If income before tax and bonus is $1,600,000 and the effective tax rate is 30%, the amount of the bonus would be
   a. $168,000.
   b. $200,000.
   c. $240,000.
   d. $320,000.

14. The generally accepted method of accounting for gains or losses from the early extinguishment of debt treats any gain or loss as
   a. an adjustment to the cost basis of the asset obtained by the debt issue.
   b. 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.
   c. an amount received or paid to obtain a new debt instrument and, as such, should be amortized over the life of the new debt.
   d. a difference between the reacquisition price and the net carrying amount of the debt which should be recognized in the period of redemption.

15. Watson Corporation owned 600,000 shares of Nixon Corporation stock. On December 31, 2004, when Watson's account "Investment in Common Stock of Nixon Corporation" had a carrying value of $5 per share, Watson distributed these shares to its stockholders as a dividend. Watson originally paid $8 for each share. Nixon has 2,000,000 shares issued and outstanding, which are traded on a national stock exchange. The quoted market price for a Nixon share was $7 on the declaration date and $9 on the distribution date.

   What would be the reduction in Watson's stockholders' equity as a result of the above transactions?
   a. $2,400,000.
   b. $3,000,000.
   c. $4,800,000.
   d. $5,400,000.

On January 1, 2003, Neeley, Inc. established a stock appreciation rights plan for its executives. It entitled them to receive cash at any time during the next four years for the difference between the market price of its common stock and a pre-established price of $20 on 100,000 SARs. Current market prices of the stock are as follows:

January 1, 2003	$35 per share
December 31, 2003	38 per share
December 31, 2004	30 per share
December 31, 2005	33 per share

Compensation expense relating to the plan is to be recorded over a four-year period beginning January 1, 2003.

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16. On December 31, 2005, 16,000 SARs are exercised by executives. What amount of compensation expense should Neeley recognize for the year ended December 31, 2005?
    a. $475,000.
    b. $325,000.
    c. $975,000.
    d. $130,000.

17. On January 2, 2002, Boles Co. issued 10-year convertible bonds at 105. During 2004, these bonds were converted into common stock having an aggregate par value equal to the total face amount of the bonds. At conversion, the market price of Boles's common stock was 50 percent above its par value. On January 2, 2002, cash proceeds from the issuance of the convertible bonds should be reported as
    a. paid-in capital for the entire proceeds.
    b. paid-in capital for the portion of the proceeds attributable to the conversion feature and as a liability for the balance.
    c. a liability for the face amount of the bonds and paid-in capital for the premium over the face amount.
    d. a liability for the entire proceeds.

18. Dane, Inc., owns 35% of Marin Corporation. During the calendar year 2004, Marin had net earnings of $300,000 and paid dividends of $30,000. Dane 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?
    a. Understate, overstate, overstate
    b. Overstate, understate, understate
    c. Overstate, overstate, overstate
    d. Understate, understate, understate

Noonan Construction Co. began operations in 2004. Construction activity for 2004 is shown below. Noonan uses the completed-contract method.

Contract	Contract Price	Billings Through 12/31/04	Collections Through 12/31/04	Costs to 12/31/04	Estimated Costs to Complete
1	$1,920,000	$1,890,000	$1,560,000	$1,290,000	—
2	2,160,000	900,000	600,000	492,000	$1,128,000
3	1,980,000	1,140,000	1,080,000	1,350,000	720,000

19. Which of the following should be shown on the balance sheet at December 31, 2004 related to Contract 3?
    a. Inventory, $120,000.
    b. Inventory, $210,000.
    c. Inventory, $1,260,000.
    d. Inventory, $1,350,000.

20. Seely Company sells household furniture. Customers who purchase furniture on the installment basis make payments in equal monthly installments over a two-year period, with no down payment required. Seely's gross profit on installment sales equals 40% of the selling price of the furniture.

For financial accounting purposes, sales revenue is recognized at the time the sale is made. For income tax purposes, however, the installment method is used. There are no other book and income tax accounting differences, and Seely's income tax rate is 30%.

If Seely's December 31, 2004, balance sheet includes a deferred tax liability of $180,000 arising from the difference between book and tax treatment of the installment sales, it should also include installment accounts receivable of

a. $1,500,000.
b. $600,000.
c. $450,000.
d. $180,000.

21. Presented below is pension information related to Tyler, Inc. for the year 2004:

Service cost	$96,000
Interest on projected benefit obligation	72,000
Interest on vested benefits	32,000
Amortization of prior service cost due to increase in benefits	16,000
Expected return on plan assets	24,000

The amount of pension expense to be reported for 2004 is

a. $144,000.
b. $192,000.
c. $216,000.
d. $160,000.

22. Donald Co. manufactures equipment that is sold or leased. On December 31, 2004, Donald leased equipment to Benson for a five-year period ending December 31, 2009, at which date ownership of the leased asset will be transferred to Benson. Equal payments under the lease are $88,000 (including $8,000 executory costs) and are due on December 31 of each year. The first payment was made on December 31, 2004. Collectibility of the remaining lease payments is reasonably assured, and Donald has no material cost uncertainties. The normal sales price of the equipment is $308,000, and cost is $240,000. For the year ended December 31, 2004, what amount of income should Donald realize from the lease transaction?

a. $68,000.
b. $88,000.
c. $92,000.
d. $132,000.

23. On January 1, 2002, Meyer Corporation acquired machinery at a cost of $800,000. Meyer adopted the double-declining-balance method of depreciation for this equipment and had been recording depreciation over an estimated life of eight years, with no residual value. At the beginning of 2005, a decision was made to change to the straight-line method of depreciation for this equipment. Assuming a 30% tax rate, the cumulative effect of this accounting change, net of tax, is
   a. $162,500.
   b. $113,750.
   c. $105,000.
   d. $102,812.

24. In a statement of cash flows, the cash flows from investing activities section should report
   a. the issuance of common stock in exchange for a factory building.
   b. stock dividends received.
   c. a major repair to machinery charged to accumulated depreciation.
   d. the assignment of accounts receivable.

25. Which of the following subsequent events (post-balance sheet events) would require adjustment of the accounts before issuance of the financial statements?
   a. Loss of plant as a result of fire
   b. Changes in the quoted market prices of securities held as an investment
   c. Loss on an uncollectible account receivable resulting from a customer's major flood loss
   d. Loss on a lawsuit, the outcome of which was deemed uncertain at year end

2. 今年起第 35 號與 7 號會計公報上路實施，請回答：(10%)

(1) 35 號公報和 7 號會計公報之主旨分別為何？
(2) 這兩號公報對股市分別有何影響？何者影響較大？

3. 酬勞性之員工認股權之會計處理得採公平市價法或內含價值法，請回答:：(15%)

(1) 根據以下資料，採用 Black & Scholes 之選擇權計價模式 ($C = SN(d_1) - Xe^{-rT}N(d2)$)計算之公平市價法和內含價值法應認列之薪資費用為何？ (10%)

給與日之股價 (S)： $ 50
履約價(X)： $ 45
履約價之現值：Xe^{-rT}
執行期限(T)： 3 個月 (0.25 年)
波動率：20%
無風險利率(r)：6%
$N(d_1)$：0.742
$N(d2)$：0.665

(2) 會計準則制訂機構對這兩種方法之使用有何規範？(5%)