系所組別： 會計學系甲組
考試科目： 財務會計學
考試日期：0308，節次：1

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1. Sandro Corp. owes Taylor Corp. a 10-year, 10% note in the amount of the $110,000 plus $11,000 of accrued interest. The note is due today, December 31, 2007. Because Sandro Corp. is in financial trouble, Taylor Corp. agrees to forgive the accrued interest, $10,000 of the principal, and to extend the maturity date to December 31, 2010. Interest at 10% of revised principal will continue to be due on 12/31 each year.

   Assume the following present value factors for 3 periods.

	2.375%	2.5%	2.625%	2.75%	3%	10%
Single Sum	0.93201	0.92859	0.92521	0.92184	0.91514	0.75132
Ordinary annuity of 1	2.86295	2.85602	2.84913	2.84226	2.82861	2.48685

   Instructions: (25%)

   (a) Prepare a schedule of debt reduction and interest expense for the years 2007 through 2010.

   (b) Compute the gain or loss for Taylor Corp. and prepare a schedule of receivable reduction and interest revenue for the years 2007 through 2010.

   (c) Prepare all the necessary journal entries on the book of Sandro Corp. for the years 2007, 2008, and 2009.

   (d) Prepare all the necessary journal entries on the book of Taylor Corp. for the years 2007, 2008, and 2009.

2. U.S. Oil Company sells oil to Monato Company of Japan for 15,000,000 yen on December 1, 2007. The billing date for the sale is December 1, 2007, and payment is due in 60 days on January 30, 2008. Concurrent with the sale, U.S. Oil Company enters into a forward contract to deliver 15,000,000 yen to its exchange broker in 60 days. Exchange rates for Japanese yen are as follows:

	December 1, 2007	December 31, 2007	January 30, 2008
Spot rate	$0.007500	$0.007498	$0.007497
30-day futures rate	$0.007490	$0.007489	$0.007488
60-day futures rate	$0.007490	$0.007488	$0.007486

   The forward contract is carried at market value, which is the forward rate. Please prepare the journal entries to record the sale of oil to Monato Company and the related contract with exchange broker on the books of U.S. Oil Company. (20%)

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3. In 2007, Beth Corp. began construction work under a 3-year contract. The contract price was $1,000,000. Beth Corp. uses the percentage-of-completion method for financial accounting purposes. The income to be recognized each year is based on the proportion of cost incurred to total estimated costs for completing the contract. The financial statement presentations relating to this contract at December 31, 2007, follow.

Balance Sheet

Accounts receivable-construction contract billings		$21,500
Construction in process	$65,000	
Less: Contract billings	61,500	
Cost of uncompleted contract in excess of billings		3,500

Income Statement

Income (before tax) on the contract recognized in 2007	$18,200

Instructions (15%)

(a) How much cash was collected in 2007 on this contract?

(b) What was the initial estimated total income before tax on this contract?

4. The Bell Corp. purchased office equipment on July 1, 2007 and capitalized a cost of $2,000. This cost included the following expenditures:

Purchase price	$1,850
Freight charges	30
Installation charges	20
Maintenance charges	100
Total	$2,000

The company estimated an eight-year useful life for the equipment. No residual value is anticipated. The double declining-balance method was used to determine depreciation expense for the 2007 and 2008. On July 1, 2009, the company decided to switch to the straight-line depreciation method for this equipment. At that time, the company's controller discovered that the original cost of the equipment incorrectly included maintenance charges for the equipment.

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Instructions: (20%)

(a) Ignoring income taxes, prepare the appropriate correcting entry for the equipment capitalization error discovered on July 1, 2009.

(b) Ignoring income taxes, prepare any 2009 journal entry related to the change in depreciation methods.

5. When you undertook the preparation of the financial statements for Vancey Company at January 31, 2007, the following data were available:

	At Cost	At Retail
Inventory, February 1, 2006	$ 70,800	$ 98,500
Markdowns		35,000
Markups		63,000
Markdown cancellations		20,000
Markup cancellations		10,000
Purchases	219,500	294,000
Sale		345,000
Purchases returns and allowances	4,300	5,500
Sales returns and allowances		10,000
Abnormal shortage	1,200	2,000
Employee discounts		800
Normal shortage		1,300

Instructions: (20%)

Compute the ending inventory at cost as of January 31, 2007, using the retail method which approximates lower of cost or market. Your solution should be in good form with amounts clearly labeled.