

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. You are engaged in an audit of the Gili company for the year ended December 31, 2010. To reduce the workload at year-end, the company took its annual physical inventory under your observation on November 30, 2010. The company's inventory account, which includes raw materials and work in process, is on a perpetual basis, and it uses the first-in, first-out method of pricing. It has no finished goods inventory. The company's physical inventory revealed that the book inventory of \$60,570 was understated by \$3,000. To avoid distorting the interim financial statements, the company decided not to adjust the book inventory until year-end except for obsolete inventory items. Your audit revealed this information about the November 30 inventory:

- Pricing tests showed that the physical inventory was overpriced by \$2,200.
- Footings and extension errors resulted in a \$150 understatement of the physical inventory.
- Direct labor included in the physical inventory amounted to \$10,000. Overhead was included at the rate of 200% of indirect labor. You determined that the amount of direct labor was correct and the overhead rate was proper.
- The physical inventory included obsolete materials recorded at \$250. During December, these materials were removed from the inventory account by a charge to cost of sales. Your audit also disclosed the following information about the December 31, 2010 inventory.
- Total debits to certain accounts during December are:

	December
Purchases	\$24,700
Direct labor	12,100
Manufacturing overhead expense	25,200
Cost of sales	68,600

- The cost of sales of \$68,600 included direct labor of \$13,800.
- Normal scrap loss on established produce lines is negligible. However, a special order started and completed during December had excessive scrap loss of 800, which was charged to Manufacturing Overhead Expense.

Required: (20%)

- Compute the correct amount of the physical inventory at November 30, 2010.
- Without prejudice to your solution to Requirement (1), assume that the correct amount of the inventory at November 30, 2010 was \$57,700. Compute the amount of the inventory at December 31, 2010.

(背面仍有題目,請繼續作答)

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2. As the first auditor of the Newberg Company, you discover that the following entries have been made in the property, plant, and equipment account:

Property, Plant, and Equipment			
2009		2009	
Plant purchased	60,000	Depreciation	6,310
Legal fees	700		
Insurance	2,400		
2010		2010	
Repairs	2,000	Depreciation	6,879
Addition to building	10,000		
2011		2011	
Repairs	3,000	Machine sold	500
Insurance	2,800	Depreciation	7,421
Machine purchased	7,000		

You discover the following additional information:

- (1) The purchase of the plant included a building and machinery. When the plant was purchased, an appraisal showed that the building was valued at \$39,000 and the machinery at 26,000.
- (2) Depreciation has been recorded each year at 10% of the balance in the account. The 10% was chosen because the property is being depreciated over 10 years for tax purposes. Subsequent investigation indicates that the expected lives at the time of acquisition were: building, 20 years; machinery, 8 years.
- (3) Each insurance payment was made on January 1 and was for a two-year policy.
- (4) The machine that was sold in 2011 had an original cost of \$800.
- (5) All purchases and sales of property, plant, and equipment items occurred at the beginning of the year indicated.

Required: (25%)

Prepare adjusting entries at December 31, 2011, to correct the books, assuming they have not been closed for the year.

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3. The NCKU Company uses the retail inventory method. The following information for 2010:

	Cost	Retail		Cost	Retail
Inventory, January 1	\$29,000	\$45,000	Additional markups		\$50,000
Purchases (gross price)	140,000	190,000	Markup cancellations		10,000
Purchases discounts taken	3,000		Markdowns		15,000
Purchases returns	5,000	8,000	Markdown cancellations		3,000
Freight-in	20,000		Sales		190,000
Employee discounts		3,000	Sales discounts		10,000

Required: 20%

Compute the cost of the ending inventory under each of the following cost flow assumption: (a) FIFO, (b) Average cost, (c) LIFO, (d) Lower of cost or market (based on average cost).

4. In 2011, three years after it began operations, the Pearce Corporation decided to change from the direct write-off method of recording bad debts to estimating bad debts. The following information is available to you:

	Year			
	2008	2009	2010	2011
Sales	\$125,000	\$180,000	\$250,000	\$280,000
Credit sales	90,000	158,000	210,000	235,000
Collections on accounts receivable				
2008 sales	78,000	8,500	200	
2009 sales		137,000	15,000	300
2010 sales			178,800	19,500
2011 sales				200,000
Accounts receivable written off				
2008 accounts	2,500	500	300	0
2009 accounts		4,600	700	400
2010 accounts			6,200	1,000
2011 accounts				6,800

(背面仍有題目,請繼續作答)

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Required: (20%)

- (1) Prepare an analysis to determine Pearce's estimated bad debt expense percentage based upon the average relationship of actual bad debts to credit sales
- (2) Prepare an analysis to determine Pearce's estimated percentage of allowance for doubtful accounts based on year-end accounts receivable
- (3) What amount should Pearce record as bad debts expense for 2011 if
 - a. Bad debts are estimated as a percentage of credit sales?
 - b. Allowance for doubtful accounts is estimated as a percentage of outstanding year-end accounts receivable?

5. The following partial information is available for the Cupp Company:

Year	2010	2011
Installment method sales	\$120,000	(3)
Installment method cost of goods sold	(1)	\$63,000
Gross profit percentage	(2)	30%
Cash receipts on installment method sales		
2010 sales	\$25,000	(4)
2011 sales		(5)
Realized gross profit on installment method sales		
2010 sales	\$5,000	7,000
2011 sales		9,000

Required: (15%)

Compute the unknown amounts. (Note: it is not necessary to compute the amounts in the numerical sequence.)