

※題目共 7 大題, 可用中文作答

1. Green Co., had 40,000 shares of common stock and 10,000 shares of \$10 par, 5% preferred stock outstanding on Dec. 31, 1988. On April 30, 1989, the company issued 9,000 additional common shares and ended 1989 with 49,000 shares of common stock outstanding. Income from continuing operations of 1989 was \$106,200, and loss on discontinued operations was \$8,280. The company had an extraordinary gain of \$50,600.

REQUIRED

Compute Green's EPS amounts for 1989, starting with income from continuing operation

(10分)

2. On Dec. 31, 1988, South Co., issues 12%, 10-year convertible bonds with a maturity value of \$500,000. The semiannual interest date are June 30 and Dec. 31. The market interest rate is 11%, and the issue price of the bonds is 106. South amortizes bond premium and discount by the effective interest method.

REQUIRED:

Journalize the following transactions:

- (1) Issuance of the bonds on Dec. 31, 1988. Credit Convertible Bonds Payable.
- (2) Payment of interest on June 30, 1989.
- (3) Payment of interest on Dec. 31, 1989.
- (4) Retirement of bonds with face value of \$100,000 on July 1, 1990. South pays the call price of 102.
- (5) Conversion by the bondholders on July 1, 1990, of bonds with face value of \$300,000 into 10,000 shares of South's \$10 par common stock.

(18分)

3. Suppose Public Service Co. of Colorado uses plant ledger cards to control its service trucks, which are located at the Co.'s service garage. The following transactions were completed during 1986 and 1987:

1986

- (1) Jan. 10 Paid \$14,000 cash for a used service truck (truck no. 214).
- (2) Jan. 11 Paid \$1,500 to have the truck engine overhauled.
- (3) Jan. 12 Paid \$250 to have the truck modified for business use.
- (4) Aug. 3 Paid \$603 for transmission repair and oil change.
- Dec. 31 Recorded depreciation on the truck by the double-declining-balance method, based on a 4-year life and a \$1,500 residual value.

1987

- (5) Mar. 13 Replaced a damaged bumper on truck no. 214 at a cash cost of \$295.
- (6) Aug. 1 Traded in service truck no. 214 for a new one (truck no. 267) with a cash cost of \$20,000. The dealer granted a \$7,000 allowance on the old truck, and Public Service Co. paid the balance in cash. Recorded 1987 depreciation for year to date and then recorded exchange of the trucks.
- (7) Recorded depreciation on truck no. 267 by the double-declining-balance method, based on a 4-year life and a \$2,000 residual value.

REQUIRED:

I. Identify the capital expenditures and the revenue expenditures in the transactions. Which expenditures are debited to an asset account? Which expenditures are debited to an expense account?

for example:

- (1) capital expenditure
- (2) capital expenditure
- (3) revenue expenditure
- (4) -----
- (5) -----

II. Make the journal entry to record the Aug. 1, 1987 transaction.

(18分)

4. On August 17, 1989, M Corporation paid \$229,000 to purchase 90% the common stock of G Corporation, and G owes M \$42,000 on a note payable. Immediately after the purchase, the two companies' balance sheets were as follows:

ASSETS	M CORP.	G CORP.
Cash.....	\$ 23,000	\$ 37,000
Accounts receivable, net.	104,000	54,000
Note receivable from G	42,000	--
Inventory.....	213,000	141,000
Investment in G.....	229,000	--
Plant assets, net.....	197,000	175,000
Total.....	\$808,000	\$407,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable.....	\$119,000	\$ 77,000
Notes payable.....	223,000	42,000
Other liabilities.....	33,000	88,000
Common stock.....	219,000	113,000
Retained earnings.....	214,000	87,000
Total.....	\$808,000	\$407,000

REQUIRED

Prepared the elimination entries under the consolidation method.

(12分)

5. Holmes, Corp., has requested that you determine whether the company's ability to pay its current liabilities and long-term debts has improved or deteriorated during 1988. To answer this question, compute the following ratio. Summarize the results of your analysis.

	1988	1987
Cash.....	\$ 31,000	\$ 37,000
Short-term Investment..	28,000	--
Net receivables.....	132,000	116,000
Inventory.....	226,000	263,000
Prepaid expenses.....	11,000	9,000
Total assets.....	553,000	519,000
Total current liability	205,000	241,000
Total liabilities.....	261,000	273,000
Income from operations.	165,000	158,000
Interest expense.....	26,000	31,000

REQUIRED: Compute the ratios for 1988 and 1987

- (1) acid-test ratio
- (2) debt ratio
- (3) times-interest-earned ratio
- (4) According to the above ratio whether the company's ability to pay its liabilities has improved or deteriorated during 1988?

(12分)

6. The Power & Masters Company books show these data (in millions):

	1988	1987	1986
Net sales revenue.....	\$200	\$160	\$175
Cost of goods sold:			
Beginning inventory	\$ 15	\$ 25	\$ 40
Net purchases	135	100	90
Cost of goods available	150	125	130
Less ending inventory	30	15	25
Cost of goods sold	120	110	105
Gross margin	80	50	70
Operating expenses	74	38	46
Net income	\$ 6	\$ 12	\$ 24

In early 1989, a team of internal auditors discovered that the ending inventory of 1986 had been overstated by \$20 million. Also, the ending inventory for 1988 had been understated by \$5 million. The ending inventory at December 31, 1987, was correct.

REQUIRED

Computed the corrected net income for the three years

(10分)

7. Robins Corporation's comparative balance sheet at Dec. 31, 1989, included the following balances:

	Dec. 31 1989	Dec. 31 1988
Current assets:		
Cash.....	?	?
Accounts receivable....	22,000	23,000
Inventories.....	34,000	31,000
Prepaid expenses.....	1,000	3,000
Current liabilities:		
Notes payable.....	\$11,000	\$ 7,000
Accounts payable.....	24,000	19,000
Accrued liabilities....	7,000	9,000
Income tax payable.....	10,000	10,000

Transaction data for 1989:

Purchase of equipment.....	\$98,000	Depreciation expense.....	\$7,000
Payment of cash dividends....	18,000	Issuance of long-term note	
Net income.....	26,000	payable to borrow cash....	7,000
Issuance of common stock to		Issuance of common stock	
retire bonds payable.....	13,000	for cash.....	19,000
Purchase of long-term investment	8,000	Sale of building.....	74,000
Issuance of long-term note		Amortization expense.....	3,000
payable to purchase patent....	37,000	Purchase of treasury stock	5,000
Loss on sale of building.....	2,000		

REQUIRE: Computed the follows:

- (1) Net cash inflow(outflow) from operating activities
- (2) Net cash inflow(outflow) from investing activities
- (3) Net cash inflow(outflow) from financing activities
- (4) Net increase (decrease) in cash during the year.

(20分)