系別:商管組三年級

科目:會計學(一)

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I. Multiple Choice (18%)

- 1. Which of the following approaches for bad debts is best described as a balance sheet method?
 - a. Percentage of receivables basis.
- b. Direct write-off method
- c. Percentage of sales basis

- d. Both a and c.
- 2. Valuing assets at their liquidation value rather than their cost is inconsistent with the:
 - a. time period assumption.

- b. matching principle.
- c. going concern assumption.
- d. materiality constraint.
- 3. The organization that issues international accounting standards is the:
 - a. Securities and Exchange Commission
- b. Financial Accounting Standards Board.
- c. International Auditing Standards Committee.
- d. International Accounting Standards Committee.
- 4. All of the following are required steps in the accounting cycle expect:
 - a. preparing a work sheet

- b. journalizing and posting closing entries.
- c. preparing financial statements.
- d. journalizing the transaction.
- 5. Adjustments for unearned revenues:
 - a. decrease liabilities and increase revenues.
- b. decrease revenues and decrease assets.
- c. have an assets and revenues account relationship.
- d. increase assets and increase revenues.
- 6.All but one of the following is reported in a retained earnings statement. The exception is:
 - a. cash and stock dividends.
- b. prior period adjustment.
- c. sales of treasury stock above and below cost.
- d. net income and net loss.
- II. Tamkang Company was organized on January 1. During the first year of operations, the following plant asset expenditures and receipts were recorded in random order.

L. Control of the con		
1.Cost of filling and grading the land	\$	6,000
2.Full payment to building contractor	9	000,000
3 Real estate taxes on land paid for the current year		8,000
4. Cost of demolishing building to make land suitable for construction	n	
of new building		12,000
5.Cost of parking lots and driveways		50,000
46.Cost of real estate purchased as a plant site (land \$100,000 and		
	1	170,000
building \$70,000) 7. Architect's fees on building plans		15,000
8. Accrued real estate taxes paid at time of purchase of real estate		5,000
9.Proceeds from salvage of demolished building		2,000

Required:

Analyze the foregoing transactions using the following column headings. Insert the number of each transaction in the Item space, and insert the amounts in the appropriate columns. For amounts

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ccount titles.
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Item

Land

Building

Other Accounts

(18%)

III. The inventory of ABC Company was destroyed by fire on March 1. From an examination of the accounting records, the following data for the first 2 months of the year are obtained: Sales \$50,000, Sales Returns and Allowances \$1,000, Purchases \$30,000, Freight-in \$1,600, Purchase Returns and Allowances \$1,500, Freight-out \$2,000.

Required:

Determine the merchandise lost by fire, assuming:

- (a) A beginning inventory of \$60,000 and gross profit rate of 25% on net sales.
- (b) A beginning inventory of \$50,000 and gross profit rate of 30% on cost of goods sold. (12%)
- IV. Tagawa Company issued \$600,000, 11%, 10-year bonds on January 1, 2002, for \$637,387. This price resulted in an effective interest rate of 10% on the bonds. Interest is payable semiannually on July 1 and January 1. Half of the bonds were purchased by Perabo Incorporation on January 1, 2002 as its available-for-sale securities. Both Tagawa and Perabo use the effective-interest method to amortize bond premium or discount.

Required:

- (a) prepare the journal entries to record July1, 2002 transaction for Tagawa and Perabo.
- (b) If the fair value of the Tagawa's bonds at December 31, 2002 was 635,000, prepare the necessary entries for Tagawa and Perabo at December 31, 2002.
- (c) If the above investment for Perabo was the trading securities, what were the differences of year 2002 net income and total stockholders' equity between available-for-sale and trading securities accounting? (18%)

V. The financial statements of XYZ Company appear below.

XYZ Company

Comparative Balance Sheets

December 31

Assets	2003	2002
Cash	\$ 24,000	\$ 13,000
Accounts receivable	20,000	14,000
Merchandise inventory	38,000	35,000
Property, plant, and equipment	70,000	78,000
Less: Accumulated depreciation	(30,000)	(24,000)
Total	<u>\$ 122,000</u>	\$ 116,000
Liabilities and Stockholders' Equity		
Accounts payable	\$ 26,000	\$ 33,000
Income taxes payable	15,000	20,000
Bonds payable	20,000	10,000
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Common stock	25,000	25,000	
Retained earnings	<u> 36,000</u>	28,000	
Total	<u>\$ 122,000</u>	\$ 116,000	
	XYZ Company	•	
	Statement of Cash Flows		
For the	year Ended December 31, 2003		
Cash flows form operating activities			
Cash receipts from customers		\$234,000	
Cash paid			
To suppliers	\$190,000		
For operating expenses	23,000		
For interest	2,000	•	
For income taxes	12,000	227,000	
Net cash provided by opera	ating activities	7,000	
Cash flow from investing activi	ties		
Sale of equipment	\$ 10,000		
Purchase of equipment	(7,000)		
Net cash provided by inves	sting activities	3,000	
Cash flow from financing activi	ities		
Issuance of bonds	\$ 10,000		
Payment of cash dividends	(9,000)		
Net cash provided by finar	ncing activities	<u>1,000</u>	
Net increase in cash		\$ 11,000	
Cash at beginning of period		<u>13,000</u>	
Cash at end of period		<u>\$ 24.000</u>	
Additional information:			

Additional information:

- (1) Dividends of \$9,000 were declared and paid.
- (2) During the year equipment was sold for \$10,000 cash. This equipment cost \$15,000 originally and had a book value of \$10,000 at the time of sale.
- (3) All depreciation expense, \$11,000, is in the selling expense category.
- (4) All sales and purchases are on account.
- (5) Additional equipment was purchased for \$7,000 cash.
- (6) Accounts payable pertains to merchandise creditors. All operating expenses except of r depreciation are paid in cash.

Required:

- (a) What were the amounts of cost of goods sold, gross profit, operating income, and income before income tax of year 2003.
- (b) Compute the following ratios for year 2003:
 - (1) Current cash debt coverage ratio.

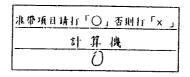
(2)Inventory turnover.

(3)Times interest earned.

(4) Cash return on sales ratio.

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(5)Cash debt coverage ratio.

(7)Payout ratio.

(6)Acid-test (quick) ratio.

(c) Did the XYZ Company make effective use of leverage (trading on the equity) of year 2003? Explain. (34%)