淡江大學八十七學年度碩士班入學考試試題

系別： 管理科學學系　　　科目： 會計學

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一、 The management of Tumatoe Inc. asks your help in determining the comparative effects of the FIFO and LIFO inventory cost flow methods. For 1998, the accounting records show the following data:

Inventory, January 1 (10,000 units)	$ 35,000
Cost of 110,000 units purchased	460,000
Selling price of 95,000 units sold	665,000
Operating expenses	120,000

Units purchased consisted of 40,000 units at $4.00 on May 10; 50,000 units at $4.20 on August 15; and 20,000 units at $4.50 on November 20. Income taxes are 30%.

Instructions

(a) Prepare comparative condensed income statements for 1998 under FIFO and LIFO. (Show computations of ending inventory.)

(b) Answer the following questions for management in the form of a business letter:

(1) Which inventory cost flow method produces the most meaningful inventory amount for the balance sheet? Why?

(2) Which inventory cost flow method produces the most meaningful net income? Why?

(3) Which inventory cost flow method is most likely to approximate actual physical flow of the goods? Why?

(4) How much additional cash will be available for management under LIFO than under FIFO? Why?

(5) How much of the gross profit under FIFO is illusionary in comparison with the gross profit under LIFO? (25分)

二、 At December 31, 1996, Trisha Underwood Imports reported the following information on its balance sheet:

Accounts receivable	$1,000,000
Less: Allowance for doubtful accounts	60,000

During the first quarter of 1997, the company had the following transactions related to receivables.

1. Sales on account	$2,600,000
2. Sales returns and allowances	40,000
3. Collections of accounts receivable	2,300,000
4. Write-offs of accounts receivable deemed uncollectible	80,000
5. Recovery of bad debts previously written off as uncollectible	25,000

Instructions

(a) Prepare the journal entries to record each of these five transactions. Assume that no cash discounts were taken on the collections of accounts receivable.

(b) Enter the January 1, 1996, balances in Accounts Receivable and Allowance for Doubtful Accounts, post the entries to the two accounts (use T accounts), and determine the balances.

(c) Prepare the journal entry to record bad debts expense for the first quarter of 1997, assuming that an aging of accounts receivable indicates that estimated bad debts are $70,000.

(d) Compute the accounts receivable turnover ratio for the first quarter. (25分)

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三、 The following is taken from Bermuda Corp. balance sheet at December 31, 1996:

Current liabilities		
Bond interest payable (for 6 months from July 1 to December 31)		$132,000
Long-term liabilities		
Bonds payable, 11%, due January 1, 2007	$2,400,000	
Less: Discount on bonds payable	84,000	$2,316,000

Interest is payable semiannually on January 1 and July 1. The bonds are callable on any semi-annual interest date. Bermuda uses straight-line amortization for any bond premium or discount. From December 31, 1996, the bonds will be outstanding for an additional 10 years or 120 months. Assume no interest is accrued on June 30.

Instructions

(Round all computations to the nearest dollar.)

(a) Journalize the payment of bond interest on January 1, 1997.
(b) Prepare the entry to amortize bond discount and to pay the interest due on July 1, 1997.
(c) Assume on July 1, 1997, after paying interest that Bermuda Corp. calls bonds having a face value of $800,000. The call price is 102. Record the redemption of the bonds.
(d) Prepare the adjusting entry at December 31, 1997, to amortize bond discount and to accrue interest on the remaining bonds. (25分)

四. The income statement for the year ended December 31, 1996, of Jean LeFay, Inc., appears below.

Sales	$400,000
Cost of goods sold	230,000
Gross profit	170,000
Expenses (including $20,000 interest and $24,000 income taxes)	100,000
Net income	$ 70,000

Additional information:

1. Common stock outstanding January 1, 1996, was 30,000 shares. On July 1, 1996, 10,000 more shares were issued.
2. The market price of Jean LeFay, Inc., stock was $15 in 1996.
3. Cash dividends of $21,000 were paid, $5,000 of which were to preferred stockholders.
4. Net cash provided by operating activities $98,000.

Instructions

Compute the following ratios for 1996.

(a) Earnings per share.
(b) Price-earnings.
(c) Payout.
(d) Times interest earned.
(e) Cash return on sales.

(25分)