

# 元智大學 101 學年度研究所 碩士班 招生試題卷

系(所)別： 管理學院商學碩士班

組別： 會計碩士學程

科目： 財務會計

用紙第 / 頁共 4 頁

● 可以使用不具儲存程式功能之電子計算機

1. Lowell Corporation has used the accrual basis of accounting for several years. A review of the records, however, indicates that some expenses and revenues have been handled on a cash basis because of errors made by an inexperienced bookkeeper. Income statements prepared by the bookkeeper reported €29,000 net income for 2009 and €37,000 net income for 2010. Further examination of the records reveals that the following items were handled improperly.
- (1) Rent was received from a tenant in December 2009. The amount, €1,000, was recorded as income at that time even though the rental pertained to 2010.
  - (2) Wages payable on December 31 have been consistently omitted from the records of that date and have been entered as expenses when paid in the following year. The amounts of the accruals recorded in this manner were:

December 31, 2008	€1,100
December 31, 2009	1,200
December 31, 2010	940
  - (3) Invoices for office supplies purchased have been charged to expense accounts when received. Inventories of supplies on hand at the end of each year have been ignored, and no entry has been made for them.

December 31, 2008	€1,300
December 31, 2009	940
December 31, 2010	1,420
  - (4) A computer costing \$4,000 was expensed when purchased on July 1, 2009. It is expected to have a 4-year life with no residual value. The company typically uses sum-of-the-years'-digits depreciation method for all fixed assets.
  - (5) Research costs of \$33,000 were incurred early in 2009. They were capitalized and were to be amortized over a 3-year period. Amortization of \$11,000 was recorded for 2009 and \$11,000 for 2010.
  - (6) Merchandise inventory costing \$18,200 was in the warehouse at December 31, 2009, but was incorrectly omitted from the physical count at that date. The company uses the periodic inventory method.

**Required:** Prepare a schedule that will show the corrected net income for the years 2009 and 2010. All items listed should be labeled clearly. (Ignore income tax considerations.) (24 points)

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2. Teresa Ramirez and Lenny Traylor are examining the following statement of cash flows for Pacific Clothing Store's first year of operations.

PACIFIC CLOTHING STORE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JANUARY 31, 2010	
Sources of cash	
From sales of merchandise	€ 382,000
From sale of ordinary shares	380,000
From sale of debt investment	120,000
From depreciation	80,000
From issuance of note for truck	30,000
From interest on investments	8,000
Total sources of cash	1,000,000
Uses of cash	
For purchase of fixtures and equipment	330,000
For merchandise purchased for resale	253,000
For operating expenses (including depreciation)	170,000
For purchase of investment	95,000
For purchase of truck by issuance of note	30,000
For purchase of treasury shares	10,000
For interest on note	3,000
Total uses of cash	891,000
Net increase in cash	€ 109,000

Teresa claims that Pacific Clothing Store had excellent performance in the first year, with cash increasing €109,000. Lenny replies that it was not good first year—that the year was an operating failure, the statement was not incorrectly presented, and €109,000 is not the appropriate to present the financial performance of the Store.

**Required:** (a) With whom do you agree, Teresa or Lenny? Explain your position. (4 points)

- (b) Using the data provided, prepare a statement of cash flows in proper indirect method form. The only non-cash items in income are depreciation and the gain from the sale of the investment (purchase and sale are related). (18 points)

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3. The cash account of Aguilar Co. showed a ledger balance of \$3,969.85 on June 30, 2010. The bank statement as of that date showed a balance of \$4,150. Upon comparing the statement with the cash records, the following facts were determined.
- (1) Receipts for May 31 for \$2,120 were not deposited until June 1.
  - (2) There were bank service charges for June of \$25.
  - (3) A bank memo stated that Bao Dai's note for \$1,200 and interest of \$36 had been collected on June 29, and the bank had made a charge of \$5.50 on the collection. (No entry had been made on Aguilar's books when Bao Dai's note was sent to the bank for collection.)
  - (4) Receipts for June 30 for \$3,390 were not deposited until July 2.
  - (5) Checks outstanding on June 30 totaled \$2,136.05.
  - (6) The bank had charged the Aguilar Co.'s account for a customer's uncollectible check amounting to \$253.20 on June 29.
  - (7) A customer's check for \$90 had been entered as \$60 in the cash receipts journal by Aguilar on June 15.
  - (8) Check no. 742 in the amount of \$491 had been entered in the cash journal as \$419, and check no. 747 in the amount of \$58.20 had been entered as \$582. Both checks had been issued to pay for purchases of equipment.

**Required:**

- (a) Prepare a bank reconciliation dated June 30, 2010, proceeding to a correct cash balance. (16 points)
- (b) Prepare any entries necessary to make the books correct and complete. (6 points)

4. The following are two independent cases:

- (1) Highland Health Club charges an initiation fee of \$1,800 to join the club and \$250 per month in dues. During its first year of operation, it enrolled 400 members starting on January 2, 2010. It is estimated, based on past experience at its other locations, that a member will use the club approximately 18 months before resigning. The entire initiation fee is non-refundable.
- (2) Pacific Crossburgers Inc. charges an initial franchise fee of \$70,000 at the beginning of the year. Upon the signing of the agreement, a payment of \$28,000 is due. Thereafter, three annual payments of \$14,000 are required at the end of each year. The credit rating of the franchisee is such that it would have to pay interest at 10% to borrow money.

**Required:** Prepare (1) the necessary entries to record Highland Health Club's initiation fee received during 2010. (2) the necessary entries for Pacific Crossburgers Inc during 2010. (12 points)

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5. Polska Corporation, in preparation of its December 31, 2010, financial statements, is attempting to determine the proper accounting treatment for each of the following situations.
- (1) Polska Corporation owns a subsidiary in a foreign country that has a book value of €5,725,000 and an estimated fair value of €9,500,000. The foreign government has communicated to Polska its intention to expropriate the assets and business of all foreign investors. On the basis of settlements other firms have received from this same country, it is virtually certain that Polska will receive 40% of the fair value of its properties as final settlement.
  - (2) Polska's chemical product division consisting of five plants is uninsurable because of the special risk of injury to employees and losses due to fire and explosion. The year 2010 is considered one of the safest (luckiest) in the division's history because no loss due to injury or casualty was suffered. Having suffered an average of three casualties a year during the rest of the past decade (ranging from €60,000 to €700,000), management is certain that next year the company will probably not be so fortunate.
  - (3) Polska operates profitably from a factory it has leased. During 2010, Polska decides to relocate these operations to a new factory. The lease of the old factory continues for the next 5 years. The lease cannot be cancelled and the factory cannot be subleased. Polska determines that the cost to settle the old lease is €950,000.
  - (4) Litigation is being pursued for the recovery of €1,300,000 consulting fees on a failed project. The directors believe it is more likely than not that their claim will be successful.
  - (5) On November 24, 2010, 26 employees were injured as a result of uninsured accident. Personal injury suits for damages totaling \$9,000,000 were filed on January 11, 2011. Legal counsel has studied the suit and advised Polska that it can reasonably expect to pay 60% of the damages claimed. The financial statements were authorized for issuance on February 27, 2011.

**Required:** Prepare the journal entries that should be recorded as of December 31, 2010, to recognize each of the situations above. (20 points)