

所別：財務金融學系碩士班 甲組科目：會計

一. (15%) Several years ago Compaq Computer reported a net profit of \$971 million, a 24 percent increase above the previous year's first quarter. Unfortunately, the Company's stock price dropped by over \$9 when the news reached the market.

Required: Explain why the market reacted negatively to Compaq's news.

二. (20%) Verity is a young, fast-growing company, recognized as a leading provider of corporate knowledge retrieval solutions. Excerpts from its 2000 statement of cash flows are provided below (dollars in thousands).*

	2000	1999	1998
Net income	\$33,010	\$12,130	\$(16,150)
Net cash from operations	8,210	14,867	(9,044)
Net cash from investing activities	(116,448)	(19,614)	8,973
Net cash from financing activities	107,663	7,063	2,658
Change in cash	(724)	2,402	2,571

* Change in the cash balance does not always equal the sum of cash from operations, investing, and financing due to adjustment to exchange rate changes.

Required:

1. Discuss the cash management profile of Verity across the three-year period. Where did the company get its cash, and what did it do with it?
2. Explain how the cash management profile may be representative of a young, fast-growing company.

三. (35%) The following footnotes appeared in the 1997 annual report of H&R Block:

All marketable securities as of April 30, 1997, are classified as available-for-sale. Proceeds from the sales of available-for-sale securities were \$23,852, \$155,170, and \$299,702 during 1997, 1996, and 1995 respectively. Gross realized gains on those sales during 1997, 1996, and 1995 were \$600, \$1,520, and \$7,014, respectively. Gross realized losses were \$146, \$386, and \$350, respectively. At April, 1997 and 1996, the net unrealized holding gain on available-for-sale securities included in stockholder's equity in the consolidated balance sheet was \$1,326 and \$1,169, respectively.

Required:

1. Describe the definitions of trading securities and available-for-sale securities, respectively.
2. Compute the change in the reported income assuming H&R Block accounted for the marketable securities as trading securities instead of available-for-sale securities.
3. Compute the cost of the securities sold during 1997.

參考用

注意：背面有試題

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四. (30%) In 1997, Microsoft presented to its shareholders an alternative income statement, both for the quarter ending in September and the most recent twelve months. For the quarter, the alternative income statement showed a loss of \$60 million, while the main income statement showed a profit of \$663 million. For the most recent twelve months, the alternative income statement showed a profit that was \$0.60 per share lower than that shown by the main income statement. What accounts for the differences? Stock options. Microsoft was the first company to make a serious effort to estimate the real cost of the options that it hands out nearly to every employee. The company's chief financial officer noted in *The New York Times*: "We do recognize that options have a cost, and this is the company's best effort to help investors understanding the cost. It is not perfect, but options are too uncertain to lend themselves to a perfect solution."

Required:

1. Summarizing the controversy surrounding the methods used to account for stock options.
2. Explain why some believe that stock options have a cost
3. Provide some rationale for why Microsoft, rather than other companies, is seriously to communicate that cost to its shareholders.

