國立中央大學94學年度碩士班考試入學試題卷 共3頁 第1頁
所別：企業管理學系碩士班 一般類組(戊組) 科目：會計學

壹、(20%)

Presented below are the comparative balance sheets for Isao Aoki Company at December 31.

ISAO Aoki Company
Comparative Balance Sheets
December 31

Assets	2005	2004
Cash	$45,000	$57,000
Accounting receivable	72,000	64,000
Inventory	132,000	147,000
Prepaid expenses	12,140	16,540
Land	125,000	150,000
Equipment	200,000	175,000
Accumulated depreciation-equipment	(60,000)	(49,000)
Building	250,000	250,000
Accumulated depreciation-Building	(75,000)	(50,000)
	$ 701,140	$ 760,540
Liabilities and Stockholders' Equity		
Accounts payable	$ 44,000	$ 45,000
Bonds payables	235,000	265,000
Common stock, $ 1 par	280,000	250,000
Retained earnings	142,140	200,540
	$ 701,140	760,540

Additional information：

a. Operating expenses include depreciation expense of $ 60,000 and charges from prepaid expenses of $ 4,400.
b. Land was sold for cash at cost.
c. Cash dividends of $ 105,290 were paid.
d. Net income for 2005 was $ 46,890.
e. Equipment was purchased for $ 65,000 cash. In addition, equipment costing $ 40,000 with a book value of $ 16,000 was sold for $ 14,000 cash.
f. Bonds were converted at face by issuing 30,000 shares of $ 1 par value common stock.
g. Net sales in 2005 were $ 367,000.

Required:

(1) Prepare a statement of cash flows for 2005 using the indirect method.
(2) Compute free cash flow for 2005.

貳、(20%)

On December 31,2002,before the books were closed, the management and accountants of Eloise Keltner Inc. made the following determinations about three depreciable assets:

1. Depreciable assets A was purchased January 2,1999. It originally cost $495,000 and for depreciation purposes, the straight-line method was originally chosen. The asset was originally expected to be useful for 10 years and have a zero salvage value. In 2002, the decision was made to change the depreciation method from straight-line to sum-of-the-years' digits, and the estimates relating to useful life and salvage value remained unchanged.
2. Depreciable assets B was purchased January 3,1998.It originally cost $ 120,000 and for depreciation purposes,

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the straight-line method was chosen. The asset was originally expected to be useful for 15 years and have a zero salvage value . In 2002,the decision was made to shorten the total life of this asset to 9 years and to estimate the salvage value at $ 3,000.

3. Depreciable asset C was purchased January 5,1998. The asset's original cost was $ 140,000, and this amount was entirely expensed in 1998. This particular asset has a 10-year useful life and no salvage value. The straight-line method was chosen for depreciation purpose.

Additional data :

1. Income in 2002 before depreciation expense amount to $ 400,000.
2. Depreciation expense on assets other than A,B,and C totaled $ 55,000 in 2002.
3. Income in 2001 was reported at $ 370,000.
4. Ignore all income tax effects.
5. 100,000 shares of common stock were outstanding in 2001 and 2002.

Required :

(a) Prepare all necessary entries in 2002 to record these determinations.
(b) Prepare comparative income statements for Eloise Keltner Inc. for 2001 and 2002, staring with income before the cumulative effects of any change in accounting principle.

參、(12%)

The City Store reported the following amounts on their financial statements for 2004, 2005, and 2006:

	For the year ended December 31		
	2004	2005	2006
Cost of goods sold	$75,000	$87,000	$77,000
Net income	22,000	25,000	21,000
Total current assets	155,000	165,000	110,000
Equity	287,000	295,000	304,000

It was discovered early in 2007 that the ending inventory on December 31, 2004 was overstated by $6,000, and the ending inventory on December 31, 2005 was understated by $2,500. The ending inventory on December 31, 2006 was correct. Ignoring income taxes, determine the correct amounts of cost of goods sold, net income, total current assets, and equity for each of the years 2004, 2005, and 2006.

肆、(16%)

Cupola Fan Corporation issued 10% ,$400,000,10-year bonds for $385,000 on June 30,2003.Debt issue costs were $1,500.Interest is paid semiannually on December 31 and June 30. One year from the issue date (July 1,2004)，the corporation exercised its call privilege and retired the bonds for $395,000.The corporation uses the straight-line method both to determine interest and to amortize debt issue costs.

Required:

(1) Prepare the journal entry to record the issuance of the bonds.
(2) Prepare the journal entries to record the payment of interest and amortization of debt issue costs on December 31,2003.
(3) Prepare the journal entries to record the payment of interest and amortization of debt issue costs on June 30,2004.
(4) Prepare the journal entries to record the call of the bonds.

伍、(20%)

On January 4,2003,Runyan Bakery paid $324 million for 10 million shares of Lavery Labeling Company common stock. The investment represents a 30% interest in the net assets of Lavery and gave Runyan the ability to exercise significant influence over Lavery's operations. Runyan received dividends of $2.00 per share on December 15,2003, and Lavery reporated net income of $160 million for the year ended December 31,2003.The market value of Lavery's common stock at December 31,2003,was $31 per share. On the purchase date,the book value of Lavery's net assets was $800 million and：

a. The fair market value of Lavery's depreciable assets, with an average remaining useful life of six years, exceeded their book value by $80 million.
b. The remainder of the excess of the cost of the investment over the book value of net assets purchased was attributable to goodwill.

Required：

(1) Prepare all appropriate journal entries related to the investment during 2003,assuming Runyan accounts for this investment by the equity method.
(2) Prepare the journal entries required by Runyan, assuming that the 10 million shares represents a 10% interest in the net assets of Lavery rather than a 30% interest.

陸、(12%)

The Decker Company has five products in its inventory.Information about the December 31,2003,inventory follows.

Product	Quantity	Unit cost	Unit Replacement cost	Unit selling price
A	1,000	$10	$12	$16
B	800	15	11	18
C	600	3	2	8
D	200	7	4	6
E	600	14	12	13

The selling cost for each product consists of a 15 percent sales commission. The normal profit percentage for each product is 40 percent of the selling price.

Required：

(1) Determiner the balance sheet inventory carrying value at December 31,2003,assuming the LCM rule is applied to individual products.
(2) December the balance sheet inventory carrying value at December 31,2003,assuming the LCM rule is applied to entire inventory. Also , assuming that Decker recognizes an inventory write-down as a separate income statement item, determine the amount of the loss.