1. The stockholders’ equity of Sutton Corporation at December 31, 2002, is shown below.

Stockholders’ equity:
Common stock, $10 par, 100,000 shares authorized,
40,000 shares issued $400,000
Additional paid-in capital: Common Stock 200,000
Total paid-in capital 600,000
Retained earnings 1,500,000
Total stockholders’ equity $2,100,000

Transactions affecting stockholders’ equity during 2002 are as follows:
Mar. 31 A 5-for-4 stock split proposed by the board of directors was approved by vote of the stockholders. The 10,000 new shares were distributed to stockholders.
Apr. 1 The company purchased 2,000 shares of its common stock on the open market at $37 per share.
July 1 The company reissued 1,000 shares of treasury stock at $45 per share.
July 1 Issued for cash 20,000 shares of previously un-issued $8 par value common stock at a price of $45 per share.
Dec. 1 A cash dividend of $1 per share was declared, payable on December 30, to stockholders of record at December 14.
Dec. 22 A 10% stock dividend was declared; the dividend shares are to be distributed on January 15 of the following year. The market price of the stock on December 22 was $48 per share.

The net income for the year ended December 31, 2002, amounted to $177,000, after an extraordinary loss of $35,400 (net of related income tax benefits).

Instructions
a. Prepare journal entries (in general journal form) to record the transactions affecting stockholders’ equity that took place during the year.
b. Prepare the lower section of the income statement for 2002, beginning with income before extraordinary items and showing the extraordinary loss and the net income. Also illustrate the presentation of earnings per share in the income statement, assuming that earnings per share are determined on the basis of the weighted-average number of shares outstanding during the year.
c. Prepare a statement of retained earnings for the year ending December 31, 2002.
2. On January 1, 1997, the Skyline Limousine Co. purchased a limousine at an acquisition cost of $28,000. The vehicle has been depreciated by the straight-line method using a 4-year service life and a $4,000 salvage value. The company’s fiscal year ends on December 31.

Instructions

Prepare the journal entry or entries to record the disposal of the limousine assuming that it was:

(1) Retired and scrapped with no salvage value on January 1, 2001.
(2) Sold for $5,000 on July 1, 2000.
(3) Traded in on a new limousine on January 1, 2000. The fair market value of the old vehicle was $9,000 and $22,000 was paid in cash.
(4) Traded in on a new limousine on January 1, 2000. The fair market value of the old vehicle was $11,000 and $2,000 was paid in cash.

.................................................................................................................................................. 20%

3. Cockril Corporation Sold $1,500,000 8%, 10-year bonds on January 1, 1999. The bonds were dated January 1, 1999, and pay interest on July 1 and January 1. Cockril Corporation uses the straight-line method to amortize bond premium or discount. Assume no interest is accrued on June 30.

Instructions
(a) Prepare all the necessary journal entries to record the issuance of the bonds and bond interest expense for 1999, assuming that the bonds sold at 103.
(b) Prepare journal entries as in part (a) assuming that the bonds sold at 96.
(c) Show balance sheet presentation for each bond issue at December 31, 1999.

.................................................................................................................................................. 20%
4. (1) Time Period 的 Principle 對報表資料的呈現有何意義？

(2) 因 Time Period 所衍伸的會計活動為何？試述之？

5. 會計上的 Ethical Dilemma 是什麼？說明之。

6. 合夥人的薪資及資本利息在會計上如何處理？舉例說明之。