一、選擇題 每題 3 分，共 60 分，答錯不倒扣

1. Cash flow from operating activities (direct method) would not include:
   A. Payment of principal amount owed to the bank.
   B. Payment of interest on a bank loan.
   C. Payment to suppliers for inventory.
   D. Receipt of dividends on an investment.

2. The beginning and ending balances of Income Tax Payable are $11,300 and $12,800, respectively. If income tax expense is $108,000, how much income tax was paid?
   A. $106,500
   B. $109,500
   C. $119,300
   D. $95,200

3. An example of a noncash investing and financing activities that is disclosed in a supplementary schedule accompanying the statement of cash flows is:
   A. Recording depreciation expense.
   B. Selling land in exchange for a note receivable.
   C. Declaring, but not paying, a cash dividend.
   D. Making a credit sale.

4. Use the following information for Dublin Corporation to calculate net cash flows from operating activities by the indirect method:

   | Net income                      | $152,000 |
   | Depreciation expense           | 64,000   |
   | Increase in accounts receivable| 4,000    |
   | Decrease in inventory          | 9,000    |
   | Increase in accounts payable   | 10,000   |
   | Gain on sale of land           | 35,000   |

   A. $166,000
   B. $346,000
   C. $196,000
   D. $184,000

5. How would the issuance of common stock affect cash, the current ratio, and the rate of return on common stockholders' equity?

<table>
<thead>
<tr>
<th>Cash</th>
<th>Current Ratio</th>
<th>Rate of Return on Common Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Decrease</td>
<td>no effect</td>
<td>decrease</td>
</tr>
<tr>
<td>B. No effect</td>
<td>increase</td>
<td>no effect</td>
</tr>
<tr>
<td>C. Increase</td>
<td>increase</td>
<td>decrease</td>
</tr>
<tr>
<td>D. Increase</td>
<td>increase</td>
<td>increase</td>
</tr>
</tbody>
</table>

6. The Milhouse VanHouten Corporation issued 10-year term bonds on January 1, 20X2 with a face value of $1,000,000. The stated interest rate is 8% and interest is payable semi-annually on June 30 and December 31. The bonds were issued for $875,378 to yield an effective annual rate of 10%. The straight-line method of amortization is to be used. What amount of discount should be amortized for the first interest period? (Rounded)

   A. $14,985
   B. $6,231
   C. $4,985
   D. $3,769

7. The costs of all resources that are used throughout the value chain are
   A. Full product costs
   B. Inventoriable product costs
   C. Period costs
   D. GAAP product costs
The following data are taken from the August financial statements of Best Toys Manufacturing Company, Inc.

<table>
<thead>
<tr>
<th>Table 1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning work in process inventory</td>
<td>$4,550</td>
</tr>
<tr>
<td>Ending work in process inventory</td>
<td>3,220</td>
</tr>
<tr>
<td>Beginning finished goods inventory</td>
<td>7,840</td>
</tr>
<tr>
<td>Ending finished goods inventory</td>
<td>8,110</td>
</tr>
<tr>
<td>Direct materials used</td>
<td>14,060</td>
</tr>
<tr>
<td>Direct labor</td>
<td>12,400</td>
</tr>
<tr>
<td>Indirect labor</td>
<td>1,550</td>
</tr>
<tr>
<td>Indirect materials</td>
<td>2,180</td>
</tr>
<tr>
<td>Factory insurance</td>
<td>1,800</td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>4,300</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>3,760</td>
</tr>
</tbody>
</table>

8. Refer to Table 1. What amount of cost of goods manufactured was reported on Best Toys' August income statement?
   A. $40,050  
   B. $36,290  
   C. $36,020  
   D. $37,620

9. Which of the following statements about the conversion of bonds payable into common stock is false?
   A. When bonds are converted into common stock, the common stock will be valued at the market value of the common stock.  
   B. When bonds are converted into common stock, no gain or loss is recorded.  
   C. The conversion of bonds into common stock decrease liabilities.  
   D. The conversion of bonds into common stock increases stockholders’ equity.

10. On March 1, 20X5, Argueta Company had 100,000 shares of its $100 par value common stock issued and 65,000 shares outstanding. On March 31, Argueta Co. declared and distributed a 15% stock dividend. On October 1, the Company declared a 4-for-1 stock split. How many shares of common stock were outstanding at December 31, 20X5?
    A. 400,000  
    B. 299,000  
    C. 320,000  
    D. 260,000

11. Restrictions on retained earnings may include:
    A. A limit to the amount of interest that may be paid on bonds payable.  
    B. An appropriation of retained earnings for future expansion.  
    C. An appropriation of retained earnings for future dividend payments.  
    D. A required amount of treasury stock that must be reacquired in the coming year.

12. Which of the following statements related to corporations is correct?
    A. Extraordinary items on the income statement include items that are either unusual or infrequent.  
    B. Comprehensive income equals net income less dividends.  
    C. Discontinued operations should be shown net of tax.  
    D. The statement of retained earnings is a more comprehensive report than the statement of stockholders’ equity.
13. Shelton Corporation was organized on January 1 of the current year with 100,000 shares of $25 par common stock authorized; 40,000 shares were issued on that date. On August 1, an additional 30,000 shares were issued. Net income for the year was $420,000. What was the earnings per share reported on the income statement for the current year?
   A. $4.20
   B. $8.00
   C. $10.50
   D. $12.00

14. Holders of preferred stock do not normally have
   A. Preference as to dividends.
   B. Preference as to assets on liquidation.
   C. Full voting rights.
   D. Ownership interest in corporation.

15. If the ending inventory is overstated in the current year:
   A. Net income will also be overstated.
   B. Next year's beginning inventory will also be overstated.
   C. Next year's net income will be understated.
   D. All three of the above statements are correct.

16. During periods of inflation, when comparing LIFO inventory costs with FIFO inventory costs:
   A. LIFO inventory and cost of sales would be higher.
   B. LIFO inventory and cost of sales would be lower.
   C. LIFO inventory would be lower and cost of sales would be higher.
   D. LIFO inventory would be higher and cost of sales would be lower.

17. Which of the following is not a capital expenditure?
   A. Advertising expenditures to introduce a new product line.
   B. Sales tax paid in conjunction with the purchase of new machinery.
   C. Installation of elevators to replace escalators.
   D. An amount paid to acquire a patent with a remaining life of only three years.

18. With respect to depreciation policies, the principle of consistency means:
   A. A company should use the same depreciation methods in its financial statements that it uses in its income tax returns.
   B. A company should use the same depreciation methods as other companies in the same industry.
   C. A company should use the same depreciation method from year to year for a given plant asset.
   D. A company should use the same depreciation method in computing depreciation expense on all its assets.

19. New equipment was purchased by Franklin Corporation at a list price of $50,000, with credit terms of 2/10, n/30. Payment was made within the discount period and included $2,450 sales tax in addition to the net purchase price. The company also paid delivery charges of $630 and labor costs of $810 for installing the new equipment in the appropriate location. During installation, an inexperienced employee punctured several containers with a forklift, causing damage to the equipment. Cost to repair the damage was $1,720. The total cost debited to Franklin's equipment account is:
   A. $54,610
   B. $52,890
   C. $53,890
   D. $50,440
20. In evaluating the quality of a company's earnings, which of the following factors is least important?
   A. The accounting methods used by management.
   B. The trend of the company's earnings over a period of years.
   C. The dollar amount of earnings per share.
   D. The stability and sources of the company's earnings.

二、問題題 共 40 分

(1) Bike company manufactures candy and sells only to retailers. It is not a publicly owned company and its financial statements are not audited. But the company frequently must borrow money. Its creditors insist that the company provide them with unaudited financial statements at the end of each quarter.

In October, management met to discuss the fiscal year ending next December 31. Due to a sluggish economy, Bike company was having difficulty collecting its accounts receivable, and its cash position was unusually low. Management knew that if the December 31 balance sheet did not look good, the company would have difficulty borrowing the money it would need to boost production for Valentine's Day.

Thus the purpose of the meeting was to explore ways in which Bike company might improve its December 31 balance sheet. Some of the ideas discussed are as follows:

1. Offer customers purchasing Christmas candy a 10% discount if they make payment within 30 days.
2. Allow a 30-day grace period on all accounts receivable overdue at the end of the year. As these accounts will no longer be overdue, the company will not need an allowance for overdue accounts.
3. For purposes of balance sheet presentation, combine all forms of cash, including cash equivalents, and unused lines of credit.
4. Require officers who have borrowed money from the company to repay the amounts owed at December 31. This would convert into cash the "notes receivable from officers," which now appear in the balance sheet as noncurrent assets. The loans could be renewed immediately after year-end.
5. Treat inventory as a financial asset and show it at current sales value. As Bike company is not a publicly owned company, it is not legally required to prepare its financial statements in conformity with generally accepted accounting principles.
6. On December 31, draw a large check against one of the company's bank accounts and deposit it in another of the company's accounts in a different bank. The check won't clear the first bank until after year-end. This will substantially increase the amount of cash in bank accounts at year-end.

Instructions: a. Separately evaluate each of these proposals. Consider ethical issues as well as accounting issues. (每小題 3 分，共 18 分)

b. Do you consider it ethical for management to hold this meeting in the first place? That is, should management plan in advance how to improve financial statements that will be distributed to creditors and investors? (2 分)

(2) 請問近來對企業界最熱門議題的財會 7 號、34 號、35 號公報，分別是規範哪些項目的會計處理準則，其主要精神為何？對企業界的影響為何？(20 分)