

臺灣綜合大學系統 111 學年度學士班轉學生聯合招生考試試題

科目名稱	會計學	類組代碼	B21
		科目碼	B2191

※本項考試依簡章規定所有考科均「不可」使用計算機。

本科試題共計 6 頁

**I. Multiple Choice: Please choose ONE best answer for each question. (48%; 單選; 3% each)**

1. Florida Co. pays salaries on the 15th of each month. On December 31, 2021, it forgot to make an adjusting entry to accrue \$30,000 salaries for the last half month of December. This error would:
  - A. Overstate total assets at the end of 2021 by \$30,000.
  - B. Overstate total liabilities at the end of 2021 by \$30,000.
  - C. Understate 2021 net profit by \$30,000.
  - D. Overstate 2021 net profit by \$30,000.
  - E. Understate 2021 gross profit by \$30,000.
2. Which of the following is a permanent account?
  - A. Salary expense.
  - B. Income summary.
  - C. Dividends.
  - D. Unearned revenue.
  - E. Cost of goods sold.
3. Regarding useful information, which of the following best fits the characteristic of Relevance?
  - A. Expenses incurred should be recorded in the same period when the related revenues are earned, rather than the period when cash is paid.
  - B. Amounts that affect investors' decision should be reported. Small amounts that do not affect decision-making can be reported in a cost-beneficial manner.
  - C. The activities of a business entity should be separated from the activities of its owners.
  - D. Balance sheet items such as property, plant and equipment are usually recorded at historical cost.
  - E. All details of financial statements should be reported.
4. The meaning of a debit is:
  - A. The right-hand side of a T-account.
  - B. The left-hand side of a T-account.
  - C. Increases of an account.
  - D. Decreases of an account.
  - E. None of the above.
5. Which of the following statements regarding operating cycle is true?
  - A. An operating cycle starts with selling inventory to customers.
  - B. An operating cycle ends with payment to suppliers.
  - C. For companies in the same industry, an operating cycle should be the same in length.
  - D. The length of operating cycles is different for companies using FIFO and LIFO inventory methods.
  - E. An operating cycle of cash sales is usually shorter than a cycle of credit sales.
6. Which of the following goods should be included in a company's inventory?
  - A. Goods purchased and is currently in transit, FOB destination.
  - B. Goods sold and is currently in transit, FOB destination.
  - C. Goods sold and is currently in transit, FOB shipping point.
  - D. A and B.
  - E. A and C.

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7. Carolina Co. begins its first year operation in 2021. During the year, the company does not write off any bad debt. Which of the following is correct for the difference between using (1) the allowance method and (2) the direct write-off method, when Carolina Co. accounts for its bad debt in 2021?
- Total liabilities are different for the two methods.
  - Total assets are the same for the two methods.
  - Net accounts receivable are different for the two methods.
  - The amount of equity is higher given method (1) than method (2).
  - Net income will be higher for method (1) than method (2).
8. On December 31, 2020, the unadjusted trial balance of Wyoming Inc. shows the following::
- |                                 | Debit    | Credit |
|---------------------------------|----------|--------|
| Accounts Receivable             | \$30,000 |        |
| Allowance for Doubtful Accounts | \$105    |        |
- Assume that the manager estimates that 5% of outstanding accounts receivable will be uncollectible, which of the following is correct for the adjusting entry?
- Debit Bad Debt Expense \$105.
  - Debit Bad Debt Expense \$1,395.
  - Debit Bad Debt Expense \$1,605.
  - Credit Bad Debt Expense \$105.
  - Credit Allowance for Doubtful Accounts \$1,500.
9. New York Enterprises purchased an equipment for \$45,000 on April 1, 2019. The company uses the straight-line depreciation method for this equipment over five years. The residual value for this equipment is \$5,000. What is the depreciation expense in 2020?
- \$8,421
  - \$8,000
  - \$9,000
  - \$9,437
  - \$14,737
10. For depreciation methods, what is the difference between the double-declining-balance and the straight-line method?
- The total depreciation expense over a plant asset's useful life is the same.
  - They are the only two methods allowed for financial reporting.
  - They are only used for tax reporting.
  - They produce the same net book value each year.
  - The double-declining-balance method produces higher depreciation expense each year than the straight-line method.
11. In 2022, Arizona Company spent \$100,000 in repairing a machine, which can be used until 2025. Compared to expensing the \$100,000, what is the effect if the company capitalizes this amount?
- Net income will be lower in 2022.
  - Investing cash flows will be the same in 2022.
  - Net profit ratio will be lower in 2022
  - Total assets will be higher at the end of 2022.
  - Current ratio will be higher in 2022.

背面有題，請繼續作答。

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12. Texas Company issued \$1,000 of its 5-year bonds with 8% coupon rate. At the time of issuance, the market interest rate was 12%. Which of the following statement is NOT true?
- The company received more than \$1,000 at the time of issuance.
  - The bondholders have the right to receive \$1,000 principal amount at maturity.
  - The bondholders have the right to receive \$80 interest income each year.
  - Compared to stockholders, the bondholders have the priority to get paid in the case of liquidation.
  - At the time of issuance, investors expected a 12% return from the bonds.

13. Missouri Company issues bonds on January 1, 2019, with a par value of \$200,000. On that date, the market interest rate is 12%. The bonds pay interest semi-annually on June 30 and December 31, with an annual interest rate of 10%. The maturity date is December 31, 2022. Use the following information to calculate the price of the bonds on the issuance date.

Present Value of \$1

Periods	5%	6%	10%	12%
4	0.8227	0.7921	0.683	0.6355
8	0.6768	0.6274	0.4665	0.4039

Present Value of Annuity of \$1

Periods	5%	6%	10%	12%
4	3.546	3.4651	3.1699	3.0373
8	6.4632	6.2098	5.3349	4.9676

- \$180,132
  - \$187,578
  - \$200,000
  - \$212,918
  - \$221,338
14. Which of the following is least likely to be the reason for a company to repurchase its stocks?
- To maintain stock price.
  - To increase company assets.
  - To pay employee compensation.
  - To avoid dilutive effect on current stockholders' investment.
  - To increase earnings per share.
15. Issuing ordinary shares in exchange for land should be reported as \_\_\_\_\_ activities in the statement of cash flows.
- Operating
  - Investing
  - Financing
  - Noncash investing or financing
  - None of the above.
16. Which of the following is true regarding the difference between a 100% stock dividend and a 2-for-1 stock split?
- The number of shares outstanding will be the same after the dividend or the split.
  - Stockholders' equity will be unchanged for both the dividend and the split.
  - The par value of the stock after the split will be twice the par value after the dividend.
  - A and B.
  - B and C.

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**II. Problems (52%)**

Please answer each question in English.

1. (10%) The following are four cost flow assumptions for inventory valuation. Assuming that the inventory costs are rising, identify the inventory valuation method that best matches each of the following description.

- First in, first out (FIFO)
- Last in, first out (LIFO)
- Weighted average (WA)
- Specific identification (SI)

(1) The method can smooth out uncertain changes in inventory costs. (2%)

(2) The cost of goods sold is likely to be the lowest. (2%)

(3) The value of inventory at the end of the period is close to the current cost. (2%)

(4) Companies have incentives to choose this method in order to minimize corporate income tax. (2%)

(5) The cost of goods sold is most likely to reflect current economic condition. (2%)

2. (8%) The information related to inventory of Idaho Inc. is as follows:

		Unit	Unit Cost or Price
November 1	Balance	10	\$20
November 12	Purchase	10	\$22
November 16	Sold	15	\$54
November 28	Purchase	6	\$25

**Required**

Assume that Idaho uses perpetual system for its inventory costing. Calculate the cost of goods sold for November and ending inventory as of November 30 based on the following assumptions:

(1) FIFO. (4%)

(2) Weighted average. (4%)

3. (12%) The following information is from Kentucky Corp.:

	20X1	20X2	20X3
Cost of goods sold	\$25,000	\$29,000	\$26,500
Net income	7,500	8,500	7,000
Inventory	52,000	55,000	37,500
Retained earnings	96,000	98,000	101,000

In 20X4, an audit reveals that the 20X1 ending inventory was understated by \$3,000, while the 20X2 ending inventory was overstated by \$5,000. The 20X3 ending inventory was correct.

**Required**

(1) Calculate the correct amounts of cost of goods sold for 20X1, 20X2, and 20X3. Ignore income tax. (6%)

(2) Calculate the correct balance of retained earnings at the end of 20X1, 20X2, and 20X3. Ignore income tax. (6%)

背面有題，請繼續作答。

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4. (10%) New Mexico Corp. purchased a machine on October 31, 2020. The preparation was completed at the end of the year and the service started on January 1, 2021. The following costs are related to the acquisition of the machine:

Invoice price	\$345,000
Transportation cost	3,500
Insurance for shipping	1,500
Fire insurance (Jan. 1, 2021- Dec. 31, 2022)	6,500
Installation cost	13,000
Testing cost	20,000

**Required**

- Calculate the cost of the machine to be recorded. (2%)
- Suppose that due to poor planning, the machine arrived early in 2020 when the installation base was not ready, and therefore the company had to pay extra storage fee \$5,000 for temporary storage. Does this change your answer in question (1)? Prepare necessary journal entry for this payment. (2%)
- Assume that the machine has a useful life of five years (or 15,000 machine hours) with residual value. The following is the depreciation table for the machine based on four different methods. In addition to the straight-line method, the other three methods are: Units-of-production method, Double-declining-balance method, and Sum-of-the-years-digit method. Please identify the method used in each column. (6%)

Year	Annual Depreciation Expense			
	Straight-line	(A)	(B)	(C)
2021	\$75,000	\$153,200	\$50,000	\$125,000
2022	75,000	91,920	75,000	100,000
2023	75,000	55,152	100,000	75,000
2024	75,000	33,091	75,000	50,000
2025	75,000	41,637	75,000	25,000

5. (12%) The following information is from Wyoming Inc.:

Wyoming Inc.	
Income Statement	
For the Year Ended December 31, 2021	
Sales	\$502,000
Cost of goods sold	202,000
Gross Profit	<u>\$300,000</u>
Depreciation expense	\$60,000
Salary expenses	128,000
Utility expenses	17,000
Loss on sale of equipment	7,000
Interest expense	<u>6,000</u>
Income before tax	<u>218,000</u>
Income tax expense	30,000
Net Income	<u>\$52,000</u>

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Wyoming Inc. Balance Sheet At December 31,		2020	2021
<b>Assets</b>			
Cash		\$63,000	\$83,000
Accounts receivable, net		50,000	86,000
Inventory		147,000	160,000
Prepaid expenses		16,000	9,000
Equipment		220,000	243,000
Accumulated depreciation-- Equipment		(80,000)	(86,000)
<b>Total Assets</b>		<u>\$416,000</u>	<u>\$495,000</u>
<b>Liabilities</b>			
Accounts payable		\$53,500	\$65,500
Income tax payable		35,000	45,000
Interest payable		9,000	6,000
Bonds payable		76,500	106,500
<b>Total Liabilities</b>		<u>\$174,000</u>	<u>\$223,000</u>
<b>Stockholders' Equity</b>			
Common Stock		\$160,000	\$160,000
Additional paid-in capital		45,000	45,000
Retained earnings		37,000	67,000
<b>Total Stockholders' Equity</b>		<u>\$242,000</u>	<u>\$272,000</u>
<b>Total Liabilities and Stockholders' Equity</b>		<u>\$416,000</u>	<u>\$495,000</u>

Additional information:

- Retained earnings are affected by net income and dividend. Dividend was paid in cash.
- The company categorizes dividends paid as financing activities and interests paid as operating activities.
- The company purchased new equipment with \$90,000 cash.
- The company issued \$30,000 bonds at par and did not retire any bonds in 2021.

**Required**

- Calculate the following items related to cash flows for 2021: (6%)
  - Cash collected from customers.
  - Proceed from sale of equipment.
  - Net cash flow from financing activities. (Indicate inflow or outflow.)
- Suppose the company generates \$96,000 from operating activities. Is this amount sufficient to finance its investment in property, plant, and equipment (Yes/No)? Why? (4%)
- The ratio of operating cash flows to net income is  $\$96,000/\$52,000 = 1.85$ . Explain what this number mean to the company. (2%)