

# 國立中央大學九十學年度碩士班研究生入學試題卷

所別: 企業管理學系 己組 科目: 會計學 共二頁 第一頁

1. Jenny Sisters is a large retail furniture company that operates in two adjacent warehouses. One warehouse is a showroom, and the other is used to store merchandise. On the night of May 3, a fire broke out in the storage warehouse and destroyed the merchandise stored there. Fortunately, the fire did not reach the showroom, so all the merchandise on display was saved.

Although the company maintained a perpetual inventory system, its records were rather haphazard, and the last reliable physical inventory had been taken on December 31. In addition, there was no control of the flow of the goods between the showroom and the warehouse. Thus, it was impossible to tell what goods should have been in either place. As a result, the insurance company required an independent estimate of the amount of loss. The insurance company examiners were satisfied when they were provided with the following information.

Merchandise Inventory on December 31	\$ 181,850
Purchases, January 1 to May 3	301,520
Purchases Returns, January 1 to May 3	(1,338)
Freight In, January 1 to May 3	6,638
Sales, January 1 to May 3	494,881
Sales Returns, January 1 to May 3	(3,725)
Merchandise Inventory in Showroom on May 3	50,370
Average Gross Margin	22%

Required:

- (1) Prepare a schedule that estimates the amount of the inventory lost in the fire. (12%)
  - (2) More and more U.S. companies have adopted LIFO, could you describe what are the possible reasons? (6%)
  - (3) What is operating cycle? Could you describe why it is important to a business? (12%)
2. Please discuss the possible impact the "New Economy" has on financial statements. (12%)
3. The Dashin Corporation had both common stock and preferred stock outstanding from 1996 through 1998. Information about each stock for the three years is as follows:

Type	Par Value	Shares outstanding	Other
Preferred	\$100	10,000	10% cumulative
Common	10	300,000	



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The company paid \$35,000, \$300,000, and \$400,000 in dividends for 1996 through 1998, respectively.

Required:

- (1) Determine the dividend per share and total dividends paid to the common and preferred stockholders each year. (10%)
- (2) Repeat the computations performed in (1), with the assumption that the preferred stock was non-cumulative. (10%)
- (3) How should dividends arrears be disclosed in the financial statements? And please explain the reason for the disclosure. (10%)

4. Delta Corporation is a chain of retail hardware stores. Its cash balance on December 31, 1995, was \$165 thousand, and net income for 1996 was \$1,242 thousand. Its 1996 transactions affecting income or cash (in thousands):

- a. Sales of \$4,800, all on credit. Cash collections from customers, \$4,500.
- b. The cost of items sold, \$2,400. Purchases of inventory totaled \$2,550; inventory and accounts payable were affected accordingly.
- c. Cash payments on trade accounts payable, \$2,475.
- d. Salaries and wages: accrued, \$570; paid in cash, \$600.
- e. Depreciation, \$135.
- f. Interest expense, all paid in cash, \$33.
- g. Other expenses, all paid in cash, \$300.
- h. Income taxes accrued, \$120; income taxes paid in cash, \$105.
- i. Bought plant and facilities for \$1,305 cash.
- j. Issued long-term debt for \$330 cash.
- k. Paid cash dividends of \$117.

Required:

- (1) Prepare a statement of cash flows using the direct method for reporting cash flows from operating activities. Omit supporting schedules. (14%)
- (2) What is free cash flow? Please comment the following statement: "It's good, if a company has positive free cash flow; however, it's bad, if a company has negative free cash flow." (14%)