

# 會計 CH13 公司會計 Answer Key — Accounting for Corporations

Subject : Financial Accounting (IFRS) | Chapter : CH13 | Total : 100

## Q1. Share issuance [18]

(a) Cash .....	180,000	
Share Capital—Ordinary .....	100,000	(20,000 × \$5 par)
Share Premium—Ordinary .....	80,000	(20,000 × \$4)
(b) Land .....	40,000	
Share Capital—Ordinary .....	20,000	(4,000 × \$5 par)
Share Premium—Ordinary .....	20,000	
(c) Organization Expenses .....	5,000	
Share Capital—Ordinary .....	2,500	(500 × \$5 par)
Share Premium—Ordinary .....	2,500	

### 檢誤 Common errors

- Crediting full proceeds to Share Capital — only **par** goes there; the rest is Share Premium.
- Recording (c) as an asset — incorporation services are an **expense**.

## Q2. Cash dividend — three dates [12]

Dec 1	Retained Earnings .....	30,000	(60,000 × \$0.50)
	Dividends Payable .....	30,000	
Dec 15	No entry (record date).		
Jan 5	Dividends Payable .....	30,000	
	Cash .....	30,000	

### 檢誤 Common errors

- Recording a liability on the **record date** — the liability arises on the **declaration date**.
- Debiting Dividends Payable on declaration instead of Retained Earnings.

### Q3. Preference dividends with arrears [16]

Annual preference dividend =  $8,000 \times \$50 \times 6\% = \$24,000$ .

Allocation	Amount
Preference — arrears (last year)	\$24,000
Preference — current year	\$24,000
<b>Preference total</b>	<b>\$48,000</b>
<b>Ordinary (90,000 – 48,000)</b>	<b>\$42,000</b>

#### 檢誤 Common errors

- Forgetting last year's **arrears** (cumulative) and giving preference only \$24,000.
- Giving ordinary the full residual without first satisfying both preference years.

### Q4. Treasury shares [18]

(a) Treasury Shares—Ordinary .....	28,000	(2,000 × \$14)
Cash .....	28,000	
(b) Cash .....	13,600	(800 × \$17)
Treasury Shares—Ordinary .....	11,200	(800 × \$14)
Share Premium—Treasury Shares ....	2,400	
(c) Cash .....	5,500	(500 × \$11)
Share Premium—Treasury Shares .....	1,500	(remaining balance)
Treasury Shares—Ordinary .....	7,000	(500 × \$14)

In (c), reissue is \$1,500 below cost (\$7,000 – \$5,500); the Share Premium—Treasury balance from (b) was \$2,400, enough to absorb it (no debit to Retained Earnings needed).

### 檢誤 Common errors

- Recording a "gain" in (b) — the \$2,400 goes to **Share Premium—Treasury**, never to profit.
- In (c), debiting Retained Earnings before exhausting Share Premium—Treasury.

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## Q5. Share dividend & share split [12]

(a)  $5\% \times 100,000 = 5,000$  shares  $\times$  \$20 market = \$100,000.

Retained Earnings .....	100,000	
Share Capital—Ordinary .....	5,000	(5,000 $\times$ \$1 par)
Share Premium—Ordinary .....	95,000	

(b) **2-for-1 split: no entry.** Shares 100,000  $\rightarrow$  200,000; par \$1  $\rightarrow$  \$0.50; total equity, retained earnings, and share capital all unchanged.

### 檢誤 Common errors

- Capitalizing the small share dividend at par instead of **market**.
- Making a journal entry for the split.

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## Q6. EPS & PE [12]

(a) Basic EPS =  $(480,000 - 30,000) \div 150,000 =$  **\$3.00**. (b) PE =  $42 \div 3.00 =$  **14**.

### 檢誤 Common errors

- Forgetting to subtract preference dividends in the numerator.
- Using issued or authorized shares instead of weighted-average **outstanding**.

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## Q7. Book value per ordinary share [12]

Ordinary equity =  $1,200,000 - 200,000 = 1,000,000$ . Book value =  $1,000,000 \div 50,000 =$  **\$20.00 per share**.

### 檢誤 Common errors

- Dividing total equity (incl. preference) by ordinary shares.
- Confusing book value with market value.