1、List the assumption, principle, or constraint that most appropriately justifies the procedures and practices in below：(20%)

(1) Price-level changes are not recognized in the accounting records.
(2) Financial information is presented so that reasonably prudent investors will not be misled.
(3) Repair tools are expensed when purchased.
(4) Each enterprise is kept as a unit distinct from its owner or owners.
(5) Revenue is recorded at point of sale.
(6) Rationale for accrual accounting is stated.
(7) Reporting must be done at defined time intervals.
(8) Goodwill is recorded only at time of purchase.
(9) No profits are anticipated and all possible losses are recognized.
(10) A company changes its sales commission costs to expense.

2、Pleas use the fair value (cost) method and the equity method to record Maxi's investment entries: (25%)

(1) On January 2, 2000, Maxi Company acquired 48,000 shares (20% of Mini Company common stock) at a cost $10 a share.
(2) For the year 2000, Mini Company reported net income of $200,000; Maxi Company's share is 20% or $40,000.
(3) At December 31, 2000, the 48,000 share of Mini Company have a fair value (market price) of $12 a share, or $576,000.
(4) On January 28, 2001, Mini Company announced and paid a cash dividend of $100,000; Maxi Company received 20% or $20,000.
(5) For the year 2001, Mini Company reported a net loss of $50,000; Maxi Company's share is 20% or $10,000.
(6) At December 31, 2001, the 48,000 share of Mini Company have a fair value (market price) of $11 a share, or $528,000.

3、On June1, 1998, A Company and B Company merged to from Culture Inc. A total of 800,000 shares were issued to complete the merger. The new corporation reports on a calendar-year basis.

On April 1, 2000, the company issued an additional 400,000 shares of stock for cash. All 1,200,000 shares were outstanding on December 31, 2000.

Culture Inc. also issued $600,000 of 20-year, 8% convertible bonds at par on June 1, 2000. Each $1,000 bond converts to 40 shares of common at any interest date. None of the bonds have been converted to date.

Culture Inc. is preparing its annual report for the fiscal year ending December 31, 2000. The annual report will show earnings per share figures based upon a reported after-tax net income of $1,540,000 (the tax rate is 40%)

Instructions--- (25%)

Determine for 2000:

(1) The number of shares to be used for calculating
   a. Basic earning per share.
   b. Diluted earning per share
(2) The earnings figures to be used for calculating
   c. Basic earning per share.
   d. Diluted earning per share

4、Questions: (30%)

(1) If the Improvements and Replacements should be capitalized, what accounting treatment is normally given in accounting for plant assets?
(2) An estimated loss from a loss contingency should be accrued by a charge to expense and a liability recorded only if both of what conditions are met?
(3) What are the revenue recognition topics of product sales transactions?
(4) What are the types of accounting changes?
(5) 請問「兩稅合一」對會計處理之影響為何?