

Ch3 Adjusting the Accounts II

❖ Qualities of Useful Information(Appendix 3B)

A、基本品質特性(Fundamental Qualities)

1. 攸關性 Relevance

攸關之財務資訊能讓使用者所作之決策有所不同，亦即資訊具有影響使用者決策之能力。財務資訊如具有預測價值、確認價值或兩者兼具，則能使所作之決策不同。

(1) 預測價值(predictive value)：財務資訊若能作為使用者預測未來結果所採用程序之投入，則具預測價值。

(2) 確認價值(confirmatory value)：財務資訊若能提供有關先前評估之回饋，則具確認價值。

●* 重大性 Materiality(個別個體判斷某項資訊是否攸關之門檻)

若資訊之遺漏或不實表達可能影響使用者以有關**特定報導個體**之財務資訊為基礎所作之決策，則該資訊為重大。換言之，重大性係攸關性之一**企業特定層面**，在判斷是否重大時，下列兩項因素：

- a. 金額大小：與其他相關項目比較，相對較大者，即為重大。
- b. 性質：若為不尋常、未來改變之徵兆，即為重大。

2. 忠實表達 Faithful Representation

財務報表中的數字及敘述須與實際發生之現象符合。財務資訊不僅須表述攸關之現象，亦須忠實表述其意圖表述之現象方為有用。

(1) 完整性 Completeness：所有必要資訊皆已包含。

(2) 中立性 Neutrality：財務資訊之選擇或表達上無偏差（不能誤導報表使用者，報喜也報憂）。

(3) 免於錯誤 Free from error

Ch4 Completing the Accounting Cycle

❖ 工作底稿 Worksheet

A **multiple-column** form that can be used in the adjusting process and in preparing financial statements.

- (1) Not a permanent accounting record; it is neither a journal nor a part of the general ledger.
 - ➡ Worksheet is only a **tool** to make it **easier** to prepare adjusting entries and the financial statements.
- (2) The use of worksheet is **OPTIONAL** to a company.
 - ➡ If the worksheet is used, the adjustments are entered in the worksheet and then journalized and posted **after** the financial statements have been prepared.
 - ➡ ∴ Users can receive financial statements at an earlier date than without a worksheet (but this is not a problem anymore due to the advance of information technology).

❖ 結帳 Closing the Books

1. **Temporary**(nominal) Accounts 虛帳戶

Accounts relate only to a given accounting period.

- ➡ Include all accounts in income statement and dividends.

2. **Permanent**(real) Accounts 實帳戶

Accounts relate to one or more future accounting periods.

- ➡ Include all account in Statement of Financial Position.

3. **Key Concepts for Closing:**

- (1) All temporary accounts are closed to zero. 虛帳戶 結帳歸零
- (2) All permanent accounts are not closed but carried forward into the next accounting period. 實帳戶 不用結帳
- (3) The temporary account balances are transferred to the permanent equity account through the closing entries.

❖ **結帳分錄 Closing Entries**

1. 結帳分錄使虛帳戶產生零餘額(zero balance)
2. 會計期間終了時才做結帳分錄(only at the end of a company's annual accounting period)
3. **Key for Closing Entries:** 所有收入及費用科目皆結帳到另一個虛帳戶「Income Summary」，最後得到的淨利(損)再由此虛帳戶結帳到權益。

4. **Four necessary closing entries:**a. **Closing all revenues:**

XXX Revenue
YYY Revenue
Income Summary

b. **Closing all expenses:**

Income Summary
AAA Expense
BBB Expense

c. **Closing the Income Summary Account:**

當總收入大於總費用(即產生"Net income")時:

Income Summary
Retained Earnings

當總收入小於總費用(即產生"Net Loss")時:

Retained Earnings
Income Summary

d. **Closing the Dividends Account:**

Retained Earnings
Dividends

❖ **更正分錄 Correcting Entries**

	Adjusting Entry	Correcting Entry
Relation with Accounting Cycle	An integral part	May not be necessary
Timing	Journalize and post only at the end of accounting period	Whenever an error is found
Effects on Accounts	At least one SFP and one I/S account	Any accounts
Relation with Closing	Before closing	Before closing

1. Presented below is an adjusted trial balance for Cowell Company, at December 31, 2014.

Cash	€10,700	Accounts payable	€10,000
Accounts receivable	20,000	Notes payable	9,000
Prepaid insurance	15,000	Accumulated depreciation—	
Equipment	35,000	equipment	14,000
Depreciation expense	7,000	Service revenue	30,000
Dividends	1,500	Retained earnings	12,000
Advertising expense	1,400	Unearned service revenue	11,000
Rent expense	800	Share capital-ordinary	12,000
Salaries and wages expense	5,000		
Insurance expense	<u>1,600</u>		
	<u>€98,000</u>		<u>€98,000</u>

Instructions

- Prepare closing entries for December 31, 2014.
- Determine the balance in the retained earnings account after the entries have been posted.

2. Betty Wright, CPA, was asked by the controller of Gore Company to review the accounting records before financial statements are prepared. Betty reviewed the records and found three errors.
- (1) Cash paid on accounts payable for \$910 was recorded as a debit to Accounts Payable \$190 and a credit to Cash \$190.
 - (2) The purchase of supplies on account for \$500 was debited to Equipment \$500 and credited to Accounts Payable \$500.
 - (3) The company paid dividends \$1,500. The bookkeeper debited Accounts Receivable for \$150 and credited Cash \$150.

Instructions

Prepare an analysis of each error showing the

- (a) incorrect entry.
- (b) correct entry.
- (c) correcting entry.