



Date: 22/1/2017

Time: 3 hours  
20 Marks

**Frist Question:-**

Royal Gorge Company uses the gross profit method to estimate ending inventory and cost of goods sold when preparing monthly financial statements required by its bank. Inventory on hand at the end of October was \$58,500. The following information for the month of November was available from company records:

Purchases	\$110,000
Freight-in	3,000
Sales	180,000
Sales returns	5,000
Purchases returns	4,000

In addition, the controller is aware of \$8,000 of inventory that was stolen during November from one of the company's warehouses.

**Required:**

1. Calculate the estimated inventory at the end of November, assuming a gross profit ratio of 40%.
2. Calculate the estimated inventory at the end of November, assuming a markup on cost of 100%.

**Second Question :-**

25 Marks

Symantec Corp., located in Cupertino, California, is one of the world's largest producers of security and systems management software. The company's consolidated balance sheets for the 2009 and 2008 fiscal years included the following (\$ in thousands):

	2009	2008
<b>Current assets:</b>		
Receivables, less allowances of \$20,991 in 2009 and \$23,314 in 2008	\$837,010	\$758,200

A disclosure note accompanying the financial statements reported the following (\$ in thousands):

	Year Ended	
	2009	2008
<i>Trade accounts receivable, net:</i>	(in thousands)	
Receivables	\$858,001	\$781,514
Less: allowance for doubtful accounts	(8,863)	(8,915)
Less: reserve for product returns	(12,128)	(14,399)
Trade accounts receivable, net:	\$837,010	\$758,200

Assume that the company reported bad debt expense in 2009 of \$1,500 and had products returned for credit totaling \$3,155 (sales price). Net sales for 2009 were \$6,149,800 (all numbers in thousands).

**Required:**

1. What is the amount of accounts receivable due from customers at the end of 2009 and 2008?
2. What amount of accounts receivable did Symantec write off during 2009?
3. What is the amount of Symantec's gross sales for the 2009 fiscal year?
4. Assuming that all sales are made on a credit basis, what is the amount of cash Symantec collected from customers during the 2009 fiscal year?

**Third Question:-**

**20 Marks**

KFS company and GHA company sign a lease agreement ,on 30 September, 2011. KFS company purchase this equipment from SAG company at cost \$6 million. The lease terms as follow:

- The term of the lease is five years. The lease agreement is noncancelable.
- Rental payment quarterly on September 30 , December 31, March 31, June 31.
- Rental payment will be \$391548, first payment at 30 September, 2011
- KFS implicit interest rate is 12%
- present value of an annuity due of \$1: n=5, i=12%is 4.10245
- present value of an annuity due of \$1: n=20, i=3%is 15.32380

**Required**

- (a) What type of lease is this? Discuss.
- (b) what pretax amounts related to the lease KFS report in its income statement at year December 31, 2011?
- (c) what pretax amounts related to the lease KFS report in its statement on financial position at year march 31, 2012?
- (d) what pretax amounts related to the lease GHA report in its incomes statement at year march 31, 2012?

**Fourth question :-**

**20 Marks**

CNH company and KLMN Mines Ltd. sign a lease agreement dated January 1, 2011,lease terms was as follow :

- The term of the lease is four years. The lease agreement is noncancelable,
- estimated economic life of the equipment is six years, and estimated unguaranteed residual value of \$25000 at the end of the lease.
- The lease contains no renewal options. The equipment reverts to CNH at the termination of the lease.
- CNH company pay this equipment by cost \$300000
- KLMN's incremental borrowing rate is 11 percent per year (present value factor for 5 periods at 11% is 4.10245 and present value factor after 5 periods 11% is 0.5935)..
- KLMN depreciates on a straight-line basis.
- CNH sets the annual rental to earn a rate of return on its investment of 10 percent per year; KLMN knows this fact. (present value factor for 4 periods at 10% is 3.48685 and present value factor after 4 periods 10% is 0.68301).
- CNH (lessor) create its schedule as follow

Dec. 31	Payments	Effective Interest	Decrease in Balance	Outstanding Balance
2011				365,760
2011	100,000		100,000	265,760
2012	100,000	26,576	73,424	192,336
2013	100,000	19,234	80,766	111,570
2014	100,000	11,157	88,843	22,727
2015	<u>25,000</u>	<u>2,273</u>	<u>22,727</u>	0
	425,000	59,240	365,760	

**Required**

- (a) Prepare the journal entries for the Lessee and lessor at 1 Jan 2011
- (b) Prepare the journal entries for the lessor and lessee at December 31, 2011.
- (c) prepare the appropriate entry for both lessee and lessor on 31 Dec 2015, assuming the equipment is return to the lessor and the actual residual value on that date is \$10000 .

**DR. AYMAN SABRY**

**PART I: Answer the following questions: [35 grades]**

1. To study the phenomenon of rising prices, A five districts was selected at random from Cairo city, A Four stores selling food was selected from each. The following table gives the summarized results:

Source of variation	Sum of Squares	Degrees of Freedom	MSE	F-Ratio
Between Districts				8
Within Districts	112.5			
Total				

Complete the above table.

What is a decision that can be taken on the claim that there is a real difference between average prices in different neighborhoods? ( $\alpha=0.01$ )

2. If the value of X and Y as follows:

X	11	8	10	9	12
Y	10	16	15	14	10

- Compute the simple linear Regression line?
  - Compute the ANOVA table
  - Compute the variance of the estimated slope value?
3. Some claim that men spend more than women on buying gifts in a year. Two random samples of 36 men and 64 women were withdrawn. Given the following data

$$\bar{x}_m = 110.92 \quad s_m = 28.79 \quad \bar{x}_w = 75.48 \quad s_w = 30.51$$

Can you claim that the men on average spend more than women? ( $\alpha=0.05$ )

**PART II: Circle the correct answer: [35 grades]**

1. Restaurateur Denny Valentine is evaluating two sites, Raymondville and Rosenberg, for his next restaurant. He wants to prove that Raymondville residents (population 1) dine out more often than Rosenberg residents (population 2). Denny commissions a market survey to test this hypothesis. The market researcher used a random sample of 64 families from each suburb, and reported the following:  $\bar{x}_1 = 15$  times per month and  $\bar{x}_2 = 14$  times per month. Assume that  $\sigma_1 = 2$  and  $\sigma_2 = 3$ . With  $\alpha = .01$ , the observed z value is \_\_\_\_\_
- a) 2.22      b) 12.81      c) 4.92      d) 3.58      e) 1.96
2. Brian Vanecek, VP of Operations at Portland Trust Bank, is evaluating the service level provided to walk-in customers. Accordingly, his staff recorded the waiting times for 64 randomly selected walk-in customers and determined that their mean

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waiting time was 15 minutes. Assume that the population standard deviation is 4 minutes. The 95% confidence interval for the population mean of waiting times is:

- a) 14.02 to 15.98                      b) 7.16 to 22.84                      c) 14.06 to 15.94  
d) 8.42 to 21.58                      e) 19.80 to 23.65
3. A simple regression model developed for ten pairs of data resulted in a sum of squares of error,  $SSE = 125$ . The standard error of the estimate is \_\_\_\_\_.  
a) 12.5                      b) 3.5                      c) 15.6                      d) 3.95                      e) 25
4. The coefficient of correlation in a simple regression analysis is  $-0.6$ . The coefficient of determination for this regression would be \_\_\_\_\_.  
a) 0.6                      b)  $-0.6$  or  $+0.6$                       c) 0.13                      d)  $-0.36$                       e) 0.36
5. A researcher wants to estimate the population proportion with a 95% level of confidence. He estimates from previous studies that the population proportion is no more than .30. The researcher wants the estimate to have an error of no more than 0.03. The necessary sample size is at least.  
a) 27                      b) 188                      c) 211                      d) 897                      e) 798
6. When testing the hypothesis  $H_0 : \mu \leq \mu_0$  Vs  $H_1 : \mu > \mu_0$ , if the  $p$ -value=0.04, the null hypothesis is rejected if  
a)  $\alpha < 0.04$                       b)  $\alpha > 0.04$                       c)  $\alpha < 0.05$                       d)  $\alpha > 0.05$                       e) none of these
7. Suppose you are testing the null hypothesis that a population mean is less than or equal to 80, against the alternative hypothesis that the population mean is greater than 80. The sample size is 49 and  $\alpha = .05$ . If the sample mean is 84 and the population standard deviation is 14, the observed Z value is \_\_\_\_\_.  
a) 2                      b) -2                      c) 14                      d) -14                      e) 49
8. The following data is to be used to construct a regression model:

x	5	7	6	8	9
y	8	12	10	14	16

- i. the value of the slope is  
a) 2.36                      b) 2.16                      c) 2.00                      d) 1.36                      e) -2.0
- ii. the value of the intercept is  
a) 1.36                      b) 2.0                      c) 2.04                      d) 0.57                      e) -2.0
- iii. the regression equation is  
a)  $y = 2.16 + 1.36x$                       b)  $y = -2.0 + 2.0x$   
c)  $y = 2.0 - 2.0x$                       d)  $y = 0.57 + 2.0x$                       e)  $y = 2.36 - 2.0x$



13. In regression, the variable that is used in prediction is usually referred to as the independent variable.
14. The difference between the actual y value and the predicted y value found using a regression equation is called the residual.
15. The proportion of variability of the dependent variable (y) accounted for or explained by the independent variable (x) is called the coefficient of correlation.

*Feel Free and Relax*

*A. Zahid*

Some Normal Distribution values

$\alpha$	0.005	0.01	0.025	0.05	0.1
Z	2.57	2.23	1.96	1.64	1.28

Some Normal Distribution probabilities

A	0.5	1.0	1.25	1.5	2.0	2.5
Pr(0 < z < A)	0.1915	0.3413	0.3944	0.4332	0.4772	0.4938

Some F-Distribution values at  $\alpha = 0.05$

Deno. N <sub>2</sub>	Numerator d. f. N <sub>1</sub>							
	3	4	5	9	12	15	16	20
3	9.28	9.12	9.01	8.81	8.74	8.70	8.69	8.66
4	6.59	6.39	6.26	6.00	5.91	5.86	5.85	5.80
5	5.41	5.19	5.05	4.77	4.68	4.62	4.61	4.56
9	3.86	3.63	3.48	3.18	3.07	3.01	2.99	2.94
12	3.49	3.26	3.11	2.80	2.69	2.62	2.60	2.54
15	3.29	3.06	2.90	2.59	2.48	2.40	2.38	2.33
16	3.24	3.01	2.85	2.54	2.42	2.35	2.33	2.28
20	3.10	2.87	2.71	2.39	2.28	2.20	2.18	2.12

Some F-Distribution values at  $\alpha = 0.01$

Deno. N <sub>2</sub>	Numerator d. f. N <sub>1</sub>							
	3	4	5	9	12	15	16	20
3	29.46	28.71	28.24	27.35	27.05	26.87	26.77	26.69
4	16.69	15.98	15.52	14.66	14.37	14.20	14.17	14.02
5	12.06	11.39	10.97	10.16	9.89	9.72	9.68	9.55
9	6.99	6.42	6.06	5.35	5.11	4.96	4.92	4.81
12	5.95	5.41	5.06	4.39	4.16	4.01	3.98	3.86
15	5.42	4.89	4.56	3.89	3.67	3.52	3.49	3.37
16	5.29	4.77	4.44	3.78	3.55	3.41	3.38	3.26
20	4.94	4.43	4.10	3.46	3.23	3.09	3.06	2.94



The firm collected the following cost information related to (Z):

Direct material cost \$2,000; direct labour cost \$2,500, direct labour hours 100, and direct machine hours 3000, compute cost per unit for the product (Z).

B) Platt Sports Products manufactures and distributes three types of golf clubs: beginners, intermediate, and advanced. The materials used in these clubs increases in each level and allows for more precise balancing and longer wear. Production is highly automated for the beginners' clubs, whereas the intermediate and advanced clubs require a varying degree of labor, depending on the intricacy of the balancing process. Platt applies all indirect costs according to a predetermined rate based on direct labor hours. A consultant recently suggested that Platt switch to an activity-based costing (ABC) system, and identified the following cost breakdown for the upcoming year:

Activity	Recommended cost driver	Costs	Cost driver
Order processing	number of orders	\$ 52,500	125 orders
Production setup	number of production runs	210,000	75 runs
Materials handling	pounds of materials used	375,000	125,000 lbs.
Machine depr & maint	machine hours	322,000	20,000 hours
Quality control	number of inspections	80,000	40 inspections
Packing	number of units	14,000	280,000 units

In addition, management estimates 50,000 direct labor hours will be used in the upcoming year at a rate of \$14 per hour. Assume that the following activity took place in the first month of the upcoming year:

	Beginners	Intermediate	Advanced
Number of units produced	20,000	8,000	3,000
Direct material costs	\$20,800	\$13,000	\$ 8,000
Direct labor hours	500	1,000	2,000
Number of orders	6	4	3
Number of production runs	2	2	3
Pounds of material	8,000	3,200	1,500
Machine hours	1,200	300	200
Number of inspections	3	3	2
Number of units shipped	18,000	7,500	2,500

**Required:**

- 1) Compute the production costs for each product in the first month of the upcoming year using direct labor hours as the allocation base.
- 2) Compute the production costs for each product in the first month of the upcoming year using machine hours as the allocation base.
- 3) Compute the production costs for each product in the first month of the upcoming year using activity-based costing.

C) For 2011, Mohamed Abo-Roumman, Inc., had sales of 150,000 units and production of 200,000 units. Other information for the year included:

Direct manufacturing labor	\$187,500
Variable manufacturing overhead	100,000
Direct materials	150,000
Variable selling expenses	100,000
Fixed administrative expenses	100,000
Fixed manufacturing overhead	200,000

There was no beginning inventory.

**Required:**

- 1) Compute the ending finished goods inventory under both absorption and variable costing.
- 2) Compute the cost of goods sold under both absorption and variable costing.

Kafrelsheikh University

Faculty Of Commerce

1<sup>st</sup> Semester exam 2016/2017



Course: Cost Accounting

Grade: Third Year

85 Marks

D)The Grind Company has been having some difficulties estimating its manufacturing overhead costs. In the past, manufacturing overhead costs have been related to production levels. However, some production managers have indicated that the size of their production lots might also be having an impact on the amount of their monthly manufacturing overhead costs. In order to investigate this possibility, the company collected information on its monthly manufacturing overhead costs, production in units, and average production lot size for 2012.

Month	Production (Units)	Manufacturing Overhead Cost	Average Monthly Production Lot Size
1	75,000	\$ 925,800	20
2	90,000	843,875	19
3	65,000	910,125	24
4	80,000	946,000	19
5	55,000	879,000	24
6	50,000	825,000	18
7	85,000	960,000	22
8	105,000	1,053,500	25
9	102,000	1,020,000	23
10	68,000	905,000	20
11	75,000	938,000	22
12	95,000	995,000	24

**Required:**

- 1) Use the high-low method to estimate next month's manufacturing overhead costs, assuming the company is planning to produce 92,000 units.
- 2) Use the high-low method to estimate next month's manufacturing overhead costs, assuming the company is planning to run a 21-lot size.

*Good luck (buona Fortuna)*

*Dr. Bassam Baroma*



Kafrelsheikh University

Faculty Of Commerce

1<sup>st</sup> Semester exam 2016/2017



Course: Cost Accounting

Grade: Third Year

85 Marks

Date: 15/01/2017

Attention the exam was in: 4 pages

**Section (A) Choose the best answer for each of the following questions: ( 5 Marks)**

1) Which of the following statements about the direct/indirect cost classification is NOT true?

- A) Indirect costs are always traced.
- B) Indirect costs are always allocated.
- C) The design of operations affects the direct/indirect classification.
- D) The direct/indirect classification depends on the choice of cost object.

2) Within the relevant range, if there is a change in the level of the cost driver, then:

- A) Fixed and variable costs per unit will change
- B) Fixed and variable costs per unit will remain the same
- C) Fixed costs per unit will remain the same and variable costs per unit will change
- D) Fixed costs per unit will change and variable costs per unit will remain the same

3) If the unit level of inventory increases during an accounting period, then:

- A) Less operating income will be reported under absorption costing than variable costing
- B) More operating income will be reported under absorption costing than variable costing
- C) Operating income will be the same under absorption costing and variable costing
- D) The exact effect on operating income cannot be determined

4) The following information has been gathered for the GHI Manufacturing Company for its fiscal year ending December 31:

Actual manufacturing overhead costs	\$212,500
Actual direct labor hours	54,900
Actual direct labor costs	\$445,000
Estimated manufacturing overhead costs	\$210,000
Estimated direct labor	\$434,000
Estimated direct labor hours	56,000

What is the predetermined manufacturing overhead rate, assuming direct labor cost is used as the activity base?

- A) 48.4%
- B) 47.2%
- C) 49.0%
- D) 47.8%

5) Kym Manufacturing provided the following information for last month:

Sales	\$12,000
Variable costs	4,000
Fixed costs	1,000
Operating income	<u>\$7,000</u>

If sales double next month, what is the projected operating income?

- A) \$14,000
- B) \$15,000
- C) \$18,000
- D) \$19,000



**Section(B): State which of the following statement is True or False: (20 Marks)**

- 1) Inventoriable costs are expensed on the income statement when the products are sold.
- 2) Prime costs include direct materials and manufacturing overhead costs.
- 3) Absorption costing is a method of inventory costing in which all variable manufacturing costs (direct and indirect) are included as inventoriable costs and all fixed manufacturing costs are excluded.
- 4) The department cost allocation method provides more accurate product cost information for managerial decision-making than the plantwide cost allocation method.
- 5) Fixed costs in total will NOT change in the short run, but may change in the long run.
- 6) Variable costs per unit vary with the level of production or sales volume.
- 7) Cost allocation is the assignment of direct and indirect costs to the chosen cost object.
- 8) The step method allocates some, but not all, service department costs to other service departments.
- 9) The plantwide cost allocation method provides more accurate product cost information for managerial decision-making than the department cost allocation method.
- 10) Cost behavior refers to how costs react to a change in the level of activity.

**Section (C) : solve the following problems (60 Marks)**

A) Computer Information Services is a computer software consulting company. Its two major production departments P1 and P2. The firm has two services departments S1 and S2. The firm collected the following cost information:

	S1 department		S2 department	
	Usage(hours)	Percent of total	Usage (employees)	Percent of total
Departments				
S2	???	???	???	???
S1	???	???	???	???
P1	???	10%	???	50%
P2	80,000	???	3,000	???
Total	200,000	???	10,000	???
Direct cost	\$800,000		\$5000,000	

**Required:**

- 1) Allocate the service department costs to the production departments using the **reciprocal method**.
- 2) If P1 using direct machine hours (1,600,000) as allocation base and P2 using direct material cost (\$1,300,000), compute PHOR for each department.
- 3) The firm produce (Z) product during this month, the amount produced 1000 units

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1<sup>st</sup> Semester exam 2016 /2017



Course: Governmental and  
National Accounting  
Grade: Three  
85 Marks

Date: 17/1/2017

Please be attention the exam was in 4 pages

Time:3hours

**First Question**

- In your answer sheet choose the correct answer for the following questions 20 Marks

- 1- Governmental and nonprofit organization aim to
  - a. maximize income
  - b. maximize services provided.
  - c. maximize fund balance.
  - d. All of above.
- 2- Governmental and nonprofit organization Differences from the Private Sector
  - a. Organizational objectives
  - b. Sources of financial resources.
  - c. Methods of evaluating performance and operating results
  - d. All of above.
- 3- Assume that the city of KFS purchased a truck for \$40,000 cash for the use of general government departments, the city would most likely account for the transaction in
  - a. the General Fund and General Long-Term Liabilities account.
  - b. the Enterprise Fund.
  - c. the General Fund.
  - d. the General Fund, the General Capital Assets account
4. .... an instrumentality of the state, founded and owned in the public interest, supported by public funds, and governed by those deriving their authority from the state
  - a.General Fund.
  - b.Debt Service Fund.
  - c.Permanent Fund.
  - d.Government.
5. Which of the following funds is reported as *governmental fund* ?
  - a. Capital Projects Fund
  - b. Permanent Fund
  - c. Pension Trust Fund
  - d. Investment Trust Funds
6. Which of the following would *not* be classified as an *expenditure*?
  - a. Salaries and wages

8. Fund – used to account for the accumulation of resources for, and the payment of, *general long-term debt* principal and interest is
- General Fund.
  - Debt Service Fund.
  - Permanent Fund.
  - Capital Projects Fund.
9. Which of the following is **not** a fund category used by state and local governments?
- Fiduciary funds
  - Governmental funds
  - Proprietary funds
  - Current funds
10. Which of the following is an official fund category used by state and local governments?
- Current funds
  - Expendable funds
  - Governmental funds
  - General capital asset funds
11. Which of the following is considered a governmental fund?
- General Fund
  - Debt Service Fund
  - Permanent Fund
  - All of above
12. Which of the following is considered a proprietary fund?
- General Fund
  - Special Revenue Fund
  - Permanent Fund
  - Internal Service Fund
13. A computer was purchased from unrestricted resources for a general government department. The government paid cash for the computer at the purchase date. Which of the following is not an effect of this transaction in the governmental Fund?
- Current assets decrease.
  - Capital assets increase.
  - Current liabilities do not change.
  - Fund balance decreases.
14. Which of the following is the Governmental fund accounting equation
- Assets – Liabilities = Net Assets.
  - Current Assets – Current Liabilities = Fund Balance.
  - Financial Assets – Related Liabilities = Fund Balance.
  - General Capital Assets – General Long-Term Liabilities = Net Assets.
15. the basis of accounting for proprietary fund is
- Cash base .
  - Accrual base .
  - Modified accrual base.
  - None of the above.
16. The accounting equation for a special revenue fund is:
- Financial Assets – Related Liabilities = Fund Balance
  - General Capital Assets – General Long-Term Liabilities = Net Assets
  - the same as accounting equation for the general fund.
  - Both a and c.

17. . Each of the following transactions would *decrease* fund balance in the governmental Fund *except*
- the purchase of capital assets.
  - the principal repayment of long-term debt.
  - depreciation.
  - salaries and wages.
18. .A new equipment, which had been estimated to cost \$28,000, was received. The actual cost of the computer was \$29,400. To record this in the *special revenue fund*,
- the general capital assets account should be debited for \$28,000.
  - expenditures should be debited for \$28,000.
  - expenditures should be debited for \$29,400.
  - Expenses should be debited for \$29,400.
19. ....Accounts for assets held by government in trustee or agency capacity for other
- Enterprise Funds.
  - Special Revenue Funds
  - Pension Trust Funds
  - Both a and d.
20. Accounts receivables are determined to be uncollectible. The following account should be debited:
- Bad Debt Expense.
  - Revenue.
  - Allowance for Uncollectible Accounts Receivable.
  - Accounts Receivable.

**Second Question :**

**25 Marks**

**Analyze the effects of each of the following transactions on each of the funds and/ or the nonfund accounts of the city of Arizona.**

- salaries and wages for firefighters and police officers incurred but not paid . \$75,000.
- the city borrowed \$ 9,000,000 to finance construction of a new city executive office building by issuing bonds at par.
- the city paid \$5,000,000 to the office building contractor for work performed during the fiscal year
- the city repaid one- half (\$10,000,000) of general obligation bonds that had been issued several years before to finance construction of school building. Interest of \$1,000,000 matured and paid.
- A government issued \$5,000,000 of 6%, 10 year bonds to help finance expansion of a facility used by one of its public utility operations (business activity). The bonds were issued at par 3 months before year end and pay interest annually.
- A government issued a 9 –month, 10% note payable for \$ 50,000. The note was issued 6 month before the end of the fiscal year to provide financing for various programs that are financed primarily from general tax revenues.
- the government – owned public utility sold services to the public on account, \$ 1 million; no uncollectible are expected.
- the government sold a policy department computer for \$4,000. Its original cost (3 years earlier) was \$ 15,000. At the time of purchases the computer was expected to be used for 4 years and have a \$7,000 residual value.
- the government was billed \$2,800,000 during the year by the courthouse addition contractor for work performed on the courthouse during the year. The government paid \$2,200,000 to the contractor.

**Third Question:**

**20 Marks**

**Analyze the effects of each of the following transaction on each of the funds and or nonfund accounts  
(use the property fund accounting equation and the analysis format)**

- 1- purchase capital assets with cash \$ 80000
- 2- issued \$ 1000,000 of bonds at par and received cash to finance construction of building
- 3- Issued a \$ 1000,000, six- month note to provide temporary financing.
- 4- received bill from the constrictor for \$ 300,000 for construction costs on the building.
- 5- sold capital assets for \$ 7,000 cash, its depreciation cost was \$9,000
- 6- paid employees for monthly salaries, \$ 18000
- 7- \$ 50000 of the building bonds and \$ 30,000 of interest matured were paid .
- 8- the sex- month note matured and was paid along with \$30,000 of interest
- 9- purchased capital assets on short- term credit for \$3000
- 10- Depreciation expense of \$ 20,000 is recorded on capital assets

**20 Marks**

**fourth Question :**

**Prepare the general journal entries required for the following transactions of the Farmer County  
General Fund during 2016**

1. Levied property taxes, \$9,000,000 (with uncollectible taxes estimated at \$50,000.
- 2- Taxes collected before the due date totaled \$7,500,000 of current \$320,000 of 2005 and other prior year taxes.
- 3- Issued a nine-month, 10% note to Jones National Bank on September 30, 2016 to raise \$300,000 to provide for a temporary cash shortfall in the General Fund.
- 4- Loaned \$90,000 from resources available for general purposes to the bell-insurance Internal Service Fund. Repayment is required in four years.
- 5- Paid salaries of \$5,800,000 during 2016. Accrued salaries at the end of the year totaled \$100,000, while at the beginning of the year they were \$75,000.
6. Received \$5,000 from the Economic Development Special Revenue Fund because General Fund resources had been used to pay a bill of the Economic Development Fund earlier in the year. General Fund expenditures were recorded when the bill was paid.
7. General fund cash of \$6,000 was paid to a new Enterprise fund to provide capital for the Enterprise fund.
8. Supplies were purchased from the stores internal service fund for the following functions: general governmental \$4,000. public safety \$ 6,000; highways and streets . \$10,000. health \$7,000 and others. \$3,000.
9. A governmental unit's management decided to sell to developers, for \$8,000, a section of beach property of the city's general capital assets. The city carrying value for the property was \$2,000.
10. A new computer purchased for the accounting department for \$6,000 was destroyed by a flash flood, the city received \$5,700 from the city's insurer to cover the cost of replacing the computer.

**Best Wishes**

**Dr. Ayman Sabry**



Answer the following questions. The allocation of marks among sub-questions is indicated in the margins of each question.

**1<sup>st</sup> Question: Fill in the gaps with the appropriate terms (25).**

1. The.....theorem content is that the country with abundant capital will be able to produce relatively more of the capital-intensive good, while the country with abundant labour will be able to produce relatively more of the labour-intensive good. (1)
2. ....is levied as a constant percentage of the monetary value of 1 unit of imported good, making it possible for domestic producers to overcome the loss of protective value that the.....tariff was subject to during inflation. (2)
3. The.....theory postulates that tastes of consumers are conditioned strongly by their income levels; the per capita income level of a country will yield a particular pattern of tastes. (1)
4. ....is called in U.S. legislation, Normal Trade Relations (NTR). (1)
5. For tax authorities, specific tariffs can be collected with ease because they need to know only the.....quantity of imports coming into the country, not their.....value. (2)
6. as an assumption of H-O model, technology is identical in both countries; that is, production functions are the.....in both countries. (1)
7. Smith believed that growth in.....was fostered best in an environment where people were.....to pursue their own interests. (2)
8. Suppose that there are three imported goods with tariff rates for good A, 15 percent; good B, 10 percent; and good C, 20 percent and the country imports \$500,000 worth of good A, \$100,000 worth of good B, and \$200,000 worth of good C.
  - a. The unweighted average tariff rate is..... (1.5)
  - b. The weighted average tariff rate is..... (1.5)
9. The most important implication of the.....model is that international trade in manufactured goods will be more intense between countries with similar per capita income levels than between countries with dissimilar per capita income levels. (1)
10. ....is the rate listed in a country's tariff schedule, whether it is an ad valorem tariff or a specific tariff, while..... is the percentage change in the value added in a domestic import-competing industry because of the imposition of a tariff structure by the country rather than the existence of free trade. (2)
11. ....are tariff rates applied to an import according to its geographical source; a country that is given preferential treatment pays a.....tariff. (2)
12. ....economics examines how international transactions influence income distribution, employment, growth and price stability. (1)

13. ....is a negative import tariff. It is simply a payment per unit or as a percent of value for the importation of a good. (1)
14. Offshore Assembly Provisions (OAP) feature (or .....-Sharing Arrangements) exists in many developed countries, including the U.S. (1)
15. For domestic producers, the specific tariff as a protection instrument has a fundamental disadvantage because its protective value varies.....with the price of the import. (1)
16. The.....theory content is that commodities were valued relatively in terms of their relative labour content. (1)
17. Under....., the tariff rate in practice on a good is lower than the tariff rate listed in the tariff schedules. (1)
18. The.....table is very useful for calculating the aggregate country requirements of capital and labour for Producing a bundle of goods such as exports and import substitutes. (1)

**2<sup>nd</sup> Question (30)**

“Trade Theory changes since Ricardo (a development of the demand side of the analysis and a development of the production side of the economy in a manner that does not rely on the labour theory of value)”: **Illustrate, graphically, both the Consumer Indifference and Country’s Offer Curves.**

**3<sup>rd</sup> Question (30)**

- a. “Economic integration is the second best as it is a partial movement to free trade”: **Indicate, in detail, the types of economic integration.** (15)
- b. The following table shows the number of hours of labor required to produce 1 unit of output of textiles and wine in Egypt and England. (15)

	Textiles	Wine
Egypt	5hr/y	20hr/bbl
England	10hr/y	15hr/bbl

**Is there a basis for trade according to Smith’s view? Which country has an absolute advantage in producing textiles, in wine, with calculating the autarky price ratios?**

*Best Wishes*





**Part One**

**Question One: (15 Degrees for 40 Minutes + 10 Free Degrees)**

Write about:

- (A): The difference between common stocks, preferred stocks, and bonds as different sources of fund?
- (B): The goal of the financial managers, referring to the difference between maximizing the firm's profit and the firm's market value?

**Part Two**

The following are the financial statements of "Well Mart Company" for the year ended in 2016:

**Well Mart Company Balance Sheet**

Assets		Liabilities and Stockholders' Equities	
Cash	50,000	Accounts payable	200,000
Marketable securities	50,000	Notes payable	100,000
Accounts receivable	50,000	Accruals	50,000
Inventories	350,000	Short-term debt	200,000
<b>Total current assets</b>	<b>500,000</b>	<b>Total current Liabilities</b>	<b>550,000</b>
Land and buildings	400,000	Long-term debt (bonds)	50,000
Machinery and equipment	50,000	<b>Total Liabilities</b>	<b>600,000</b>
Furniture	50,000		
Vehicles	40,000	Preferred stocks	100,000
<b>Total gross fixed assets</b>	<b>540,000</b>	Common stocks	200,000
Less: Accumulated depreciation	40,000	Retained earnings	100,000
<b>Net fixed assets</b>	<b>500,000</b>	<b>Total stockholders' equities</b>	<b>400,000</b>
<b>Total assets</b>	<b>1,000,000</b>	<b>Total Liabilities and stockholders' equities</b>	<b>1,000,000</b>

**Well Mart Company Income Statement**

Sales revenue		600,000
Less: Cost of goods sold	350,000	
<b>Gross profits</b>		<b>250,000</b>
Less: Operating expenses		
Selling expense	5,000	
General and administrative expense	15,000	
Depreciation expense	40,000	
Total operating expenses		(60,000)
<b>Operating profits</b>		<b>190,000</b>
Less: Interest expense	42,000	
<b>Net profits before taxes</b>		<b>148,000</b>
Less: Taxes (25%)	37,000	
<b>Net profits after taxes</b>		<b>111,000</b>
Less: Preferred stock dividends	11,000	
<b>Earnings available for common stockholders</b>		<b>100,000</b>
Number of shares of common stock outstanding		10,000

**Question Two: (20 Degrees for 30 Minutes)**

Considering the previous financial statements of "Well Mart Company",

- Would you please calculate the profitability ratios (without comment), illustrating the meaning of "Du Pont" formula in figures?

*Messara*

**Question Three: (15 Degrees for 30 Minutes)**

Bearing in mind the previous Balance Sheet of "Well Mart Company":

A: - Which type of funding strategies this firm is adopting (Hedging, aggressive or Conservative) and why?

B: - Assuming that the cost of short-term funding and long-term funding are 10% and 12% respectively, calculate the total cost and risk of this firm's strategy?

.....  
**Question Four: (15 Degrees for 20 Minutes)**

Given the same Balance Sheet of "Well Mart Company":

**If:**

- The after tax cost of debt (short and long) is 8 %.
- The cost of preferred stock is 11%.
- The cost of common stock is 15%.
- The cost of retained earnings is 15% too.

Would you please calculate the weighted average cost of this firm's capital?

.....  
**Question Five: (10 Degrees for 30 Minutes)**

If the previous firm's net profits will increase by 5% for each of the next 3 years, would you please evaluate this firm's performance by using the net present value (NPV) approach?

**The Questions are Finished**

*Best Greetings from all of my Heart*

*DR. Mohamed Elmesseary.*

*Messeary*



Date: 9 / 1 / 2017 Duration: 3 hours Model A (4 pages)

**Multiple Choice Questions (use answer sheet page 1 for answering these questions)**

**Data given (Questions 1-8): total demand =8000, ROP =400 units, demand per day= 80,  
Holding cost per unit=2, ordering cost per order=20**

- 1- Number of working days in a year = .....  
A- 20 B- 100 C- 150 D-200
- 2- Lead time =.....  
A-10 B-5 c-15 D-none of them
- 3- EOQ=.....  
A- 207 B- 100 C- 400 D-none of them
- 4- Holding cost per year \_\_\_\_\_  
A- 207 B- 1000 C- 400 D- none of them
- 5- ordering cost per year \_\_\_\_\_  
A- 207 B- 1000 C- 400 D- none of them
- 6- Number of orders =....  
A- 20 B- 10 C- 15 D- none of them
- 7- The length of an order cycle.....  
A- 20 B- 10 C- 5 D- none of them
- 8- The average of Inventory = ....  
A- 200 B- 100 C- 150 D- none of them
- 9- The price from \_\_\_ view is "what is given up to obtain the benefits of goods or services"  
A- Buyer B- Seller c-worker D-None of them
- 10- \_\_\_\_, The value of a good or service measured in terms of the standard monetary unit  
A- Price B- cost c-fixed cost D-None of them
- 11- The price from \_\_\_ view is "generating income and profit if the correct decisions are made"  
A- Buyer B- Seller c-worker D-None of them
- 12- Purchasing considerations in pricing agreements as \_\_\_\_\_.  
A- Number of suppliers B- alternative products c- quantity D-all of them
- 13- Supplier considerations in pricing agreements as \_\_\_\_\_.  
A- Number of suppliers B- alternative products c- quantity D-none of them
- 14- \_\_\_\_, One of the subclasses of the fixed asset category  
A- Capital equipment B- materials c- components D-None of them
- 15- Buildings, one of the categories of \_\_\_\_\_.  
A- Capital equipment B- materials c- components D-None of them
- 16- One of the most important \_\_\_ considerations in pricing agreements is stage of product in its life cycle  
A- Supplier B- Purchasing c-working D-None of them
- 17- One of the most important \_\_\_ considerations in pricing agreements is number of suppliers  
A- Supplier B- Purchasing c-working D-all of them
- 18- Capital equipment is Financed with \_\_\_ capital  
A- Long-term B- Short-term c- A&B D-None of them
- 19- Capital equipment cost per item usually greater  
A-true B-false

- 20- Decision to purchase Capital equipment results in consequences for \_\_\_\_\_  
 A- Sale B- output c- labour D-all of them
- 21- Factors to consider when buying capital equipment \_\_\_\_  
 A- Cost of operation B- Durability c- labour D- A&B
- 22- To hedge against risk of obsolescence you have to \_\_\_\_ capital equipment  
 A-buy B-sell c-lease D-None of them
- 23- Fixed obligation to pay is one of \_\_\_\_\_ of capital equipment leasing  
 A- Advantages B- disadvantages c- sell D-None of them

**Use the following matrix to solve the following questions:**

	X	Y	Z	Supply
A	6	7	8	2000
B	9	3	4	3000
Demand	2500	1500	2500	

- 24- The cost of shipping a unit from A to Y is \_\_\_\_\_.  
 A.6.00 B. 7.00 C. 3.00 D.4.00
- 25- Using the north-west corner method, the quantity that should be shipped from A to Z is \_\_\_\_\_.  
 A.1000 B. zero C. 1500 D. Else
- 26- Using the north-west corner method, the quantity that should be shipped from B to Y is \_\_\_\_\_.  
 A.1000 B. zero C. 1500 D. Else
- 27- Using the north-west corner method, the total shipping cost is \_\_\_\_\_.  
 A.24500 B.23000 C.45000 D.Else
- 28- The cost of shipping a unit from C to Y is \_\_\_\_\_.  
 A.6.00 B. Zero C. 3.00 D.4.00
- 29- A stock or store of goods is called a(n):  
 A- Bundler B- servicer c- inventory D-None of them
- 30- In the A-B-C classification system, items which account for 15 percent of the total dollar volume for a majority of the inventory items would be classified as:  
 A- A items B- B items c- C items D-None of them
- 31- .....is the process of acquiring goods, works and services, from providers.  
 A- Procurement B- purchasing c- supply chain. D-None of them
- 32- ...is responsible for procuring in the most efficient manner at the right time, quality, quantity and price  
 A- Procurement B- purchasing c- supply chain. D-None of them
- 33- .....refers to acquiring sources of supply  
 A- Backward integration B- Forward integration c- Outsourcing D-None of them
- 34- All of the following are Reasons for Buying or Outsourcing except \_\_\_\_\_.  
 A- Create competition B- Cost advantage C- Insufficient capacity D- Quality
- 35- .....refers to refers to acquiring customer's operations.  
 A- Backward integration B- Forward integration C- Outsourcing D-None of them
- 36- All of the following are reasons favoring more than one supplier except \_\_\_\_\_.  
 A- Create competition B- Transportation economies C- Need capacity D- Information
- Data given: Fixed cost =10000\$, variable cost per unit =10\$ units, purchasing price per unit= 20\$**
- 37- If the quantity needed = 1000 units, your decision; \_\_\_\_\_.  
 A- Make B- buy c- A or B D- Else

- 38- If the quantity needed = 900 units, the total cost if make \_\_\_\_\_.  
A- 18000 B- 19000 C- 20000 D- Else
- 39- If the quantity needed = 900 units, your decision; \_\_\_\_\_.  
A- Make B- Buy C- A or B D- Else
- 40- If the quantity needed = 1200 units, your decision; \_\_\_\_\_.  
A- Make B- Buy C- A or B D- Else
- 41- If sunk cost = 4000 \$.and the quantity needed = 900 units, your decision; \_\_\_\_\_.  
A- Make B- Buy C- A or B D- Else
- 42- If sunk cost = 4000 \$.and the quantity needed = 900 units, the total cost if buy \_\_\_\_\_.  
A- 18000 B- 20000 C- 30000 D- Else
- 43- All of the following are reasons favoring a single Supplier except \_\_\_\_\_.  
A- Lower cost B- Transportation economies C- Volume too small D- Information
- 44- .....refers to buying materials and components from suppliers instead of making them in-house  
A- Backward integration B- Forward integration C- Outsourcing D-None of them
- 45- All of the following are reasons for Making except \_\_\_\_\_.  
A- Lower cost B- Use existing idle capacity C- Protect technology D- Location
- 46- purchasing department located at the firm's corporate office makes all the purchasing decisions  
A- Centralized Purchasing B- Decentralized purchasing C-A&B D-None of them

**Data given: the following data is collected from 4 samples, each of 60 units.**

sample	1	2	3	4
defects	6	3	12	3

- 47- % defects of sample 1=  
A- 10% B- 9% C- 7% D- Else
- 48- Upper control limit .....  
A- 21.619% B- 22.619% c- 21.5 % D-else
- 49- Lower control limit .....  
A- 1.619% B- 2.619% c- 1.5 % D- Else
- 50- If % defects of sample are 11%, it should be .....  
A- Accepted B- rejected c- Else
- 51- All of the following are advantages of centralization except \_\_\_\_\_.  
A- Purchase volume B- Specialization c- Avoid duplication D- Local sourcing
- 52- All of the following are advantages of decentralization except \_\_\_\_\_.  
A- Closer knowledge of requirements B- Specialization c- Less bureaucracy D- Local sourcing
- 53- According to \_\_\_\_\_, the quality is Fitness for use.  
A- JURAN B- CROSBY c- ISO 8402 D-None of them
- 54- .....,The organizational structure, responsibilities, procedures, processes and resources for implementing quality management  
A- A quality B- A quality system c- A quality control D-None of them
- 55- According to TQM principles, persons at all levels share responsibility for product quality.  
A-true B-false
- 56- All of the following are alternative methods of specifying except \_\_\_\_\_.  
A- Samples B- Brand names C- Drawings D- Components
- 57- The cost of quality is classified into ..... categories  
A-two B-three c-four D-None of them
- 58- .....is Cost associated with defects found after the customer receives the product or service  
A- External Failure Cost B- Inspection c- Prevention D-None of them

- 59- New product review is .....costs  
 A- External Failure B- Inspection c- Prevention D-None of them
- 60- \_\_\_\_,costs incurred when a product fails to conform to a quality specification before shipment to a customer  
 A- External Failure Cost B- Inspection c- Prevention D-None of them
- 61- .....answers the "how much" question  
 A- ROP B- EOQ c- Price equilibrium D- Else
- 62- .....tells when to order  
 A- ROP B- EOQ c- Price equilibrium D- Else

**Suppose, total demand = 816 cases per year, Ordering costs per order are \$12, holding costs are \$4 per case a year and the new price schedule as a follow:**

Range	Price
1-49	\$20
50-79	18
80-99	17
100 or more	16

- 63- The EOQ equal \_\_\_\_\_  
 A- 70 cases B- 80 cases c- 90 cases D-None of them
- 64- Total Cost of 80 cases = \_\_\_\_\_  
 A-\$14,154 B-\$14,968 C-\$13,354 D-None of them
- 65- The right quantity per order \_\_\_\_\_  
 A- 70 cases B- 80 cases C- 49 cases D-None of them
- 66- The right price is \_\_\_\_\_  
 A- \$20 B- \$18 c- \$17 D-\$16
- 67- the time interval between ordering and receiving the order  
 A- Lead time B- Holding (carrying) costs C-ROP D-None of them
- 68- the amount paid to buy the inventory is \_\_\_\_\_  
 A- Lead time B- Holding (carrying) costs C-ROP D-None of them
- 69- ....., costs resulting when demand exceeds the supply of inventory .  
 A- Shortage costs B- Holding (carrying) costs c- Ordering costs D-None of them

**Data given: the weight of quality is 40, price 35, service 25 and the lowest price is 20**

	total No of orders	No of acceptable orders	No of orders delivered on time	Price per unit
Supplier A	50	40	45	30

- 70- The level of quality of supplier A is .....  
 A- 80% B- 70% c- 90% D- Else
- 71- The level of price of supplier A is .....  
 A- 80% B- 60% c- 70% D-Else
- 72- The total points of quality of supplier A are .....  
 A- 33 B- 34 c- 32 D-Else
- 73- The total points of service of supplier A are .....  
 A- 22.5 B- 23.24 c- 22.44 D- Else
- 74- The total points of supplier A are .....  
 A- 67.82 B- 70.33 c- 73.12 D- Else

**Best Wishes**

**Dr.Ali Abdelkader**