



**Answer the following questions**

**Question One**

For each statement of the following, indicate whether it is Right or Wrong. Your answer may be in a table like the following( No. 1 is done for you):

| No. | Sign | Why in case of X only |
|-----|------|-----------------------|
| 1   | √    |                       |

1. Accounting is one way important information about businesses is reported to decision makers.
2. The primary objective of financial accounting is to provide general purpose financial statements to help external users analyze and interpret an organization's activities.
3. External users include lenders, shareholders, customers, and regulators.
4. The Financial Accounting Standards Board (FASB) is the private group that sets both broad and specific accounting principles.
5. Generally accepted accounting principles are the basic assumptions, concepts, and guidelines for preparing financial statements.
6. Merchandise inventory consists of products that a company acquires to resell to customers.
7. Cost of goods sold is also called cost of sales.
8. A perpetual inventory system continually updates accounting records for inventory transactions.
9. Credit terms include the specifics of the amounts and timing of payments from a buyer to a seller.
10. Purchase returns refer to merchandise a buyer acquires but then returns to the seller.
11. The terms 2/10, n/30 imply that the seller offers the purchaser a 2% cash discount if the amount is paid within 10 days of the invoice date. Otherwise, the full amount is due in 30 days.
12. A service company earns net income by buying and selling merchandise.
13. Internal users of accounting information include lenders, shareholders, brokers and managers.
14. In the partnership form of business, the owners of a business are called stockholders.
15. A sole proprietorship is one or more individuals selling products or services for profit.
16. The balance sheet shows whether or not the firm achieved its primary objective of earning a profit.

17. A wholesaler is an intermediary that buys products from manufacturers or other wholesalers and sells them to consumers.
18. A retailer is an intermediary that buys products from manufacturers and sells them to wholesalers.
19. A perpetual inventory system requires updating of the inventory account only at the beginning of an accounting period.
20. Trade discounts are recorded in a Trade Discounts account in the accounting system.
21. Purchase allowances refer to merchandise a buyer acquires but then returns to the seller.
22. If goods are shipped FOB shipping point, the seller does not record revenue from the sale until the goods arrive at their destination because the transaction is not complete until that point.
23. FOB shipping point (or FOB factory) implies that ownership of goods transfers to the buyer at the buyer's place of business.
24. Vertical analysis is the comparison of a company's financial condition and performance across time.
25. Horizontal analysis is the comparison of a company's financial condition and performance to a base amount.
26. Working capital is computed as current liabilities minus current assets.
27. The greater the times interest earned ratio, the greater the risk a company is exposed to.
28. The higher the accounts receivable turnover, the less quickly accounts receivable are collected.
29. The inventory turnover ratio is computed by dividing average merchandise inventory by cost of goods sold.
30. Goods in transit are automatically included in inventory.

### **Question Two**

- A. In a table of a good format, indicate the full name and meaning of each abbreviation of the following: ATM, AAA, FASB, SEC, GAAP, AICPA, FOB destination, FOB shipping point, (2/10, n/30), and CPA.
- B. What is the credit card and why do seller, buyer, and banks use it.

### **Question Three:**

Use the following to prepare income statement and balance sheet of Hanson Company.

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

- In a certain city 40% of the houses have two-car garages, 20% are painted white, and 10% have two-car garages and painted white. If one house is selected at random and two events: " a house with two-car garages is selected" and " a house painted white is selected" are considered :
  - Are these two event independent? Why?
  - Are they mutually exclusive? Why?
  - Find the probability that the chosen house is either painted white or has two-car garages or both?
  - Find the probability that the chosen house is either painted white or has two-car garages but not both
- Suppose that the number of cigarettes smoked per day by a particular smoker follows a Poisson distribution with  $\lambda=4$  (note that this implies that  $\mu=4$  and  $\sigma=2$ )
  - What is the probability that this smoker will smoke at most 2 cigarettes during a randomly selected day?
  - What is the probability that this smoker will smoke an average of at least 5 cigarettes during 36 randomly selected days?
- Find out which of the following could be used as probability function, then use it to find  $E(x)$  and  $V(x)$ :

$$p(x) = \frac{x^2 - 4}{4} \quad ; x = 2, 3$$

$$p(x) = \frac{{}^5C_x}{16} \quad x = 0, 1, 2$$

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

- Consider the following stem and leaf plot:

| Stem | Leaf          |
|------|---------------|
| 1    | 0, 2, 5, 7    |
| 2    | 2, 3, 4, 8    |
| 3    | 0, 4, 6, 6, 9 |
| 4    | 5, 8, 8, 9    |
| 5    | 2, 7, 8       |

Suppose that a frequency distribution was developed from this, and there were 5 classes (10- , 20- , 30- , 40- and 50-60).

- What would be the relative frequency of the class (20- )?
  - 0.4
  - 0.25
  - 0.20
  - 4
  - 0.50



- ii. What was the highest number in the data set?  
 a) 50      b) 58      c) 59      d) 78      e) 98
- iii. What was the lowest number in the data set?  
 a) 0      b) 10      c) 7      d) 2      e) 1
- iv. What is the cumulative frequency for the (under 40) class interval?  
 a) 5      b) 9      c) 13      d) 14      e) 18
2. A student randomly guesses the answers to a five question true/false test. If there is a 50% chance of guessing correctly on each question,
- i. what is the probability that the student misses exactly 1 question?  
 a) 0.200      b) 0.031      c) 0.156      d) 0.073      e) 0.001
- ii. what is the probability that the student misses no questions?  
 a) 0.000      b) 0.200      c) 0.500      d) 0.031      e) 1.000
3. The table below provides summary information about students in a class. The sex of each individual and the major is given

|            | Male | Female | Total |
|------------|------|--------|-------|
| Accounting | 12   | 18     | 30    |
| Finance    | 10   | 8      | 18    |
| Other      | 26   | 26     | 52    |
| Total      | 48   | 52     | 100   |

- i. If a student is randomly selected from this group, what is the probability that the student is male?  
 a) 0.12      b) 0.48      c) 0.50      d) 0.52      e) 0.17
- ii. If a student is randomly selected from this group, what is the probability that the student is a female who majors in accounting?  
 a) 0.18      b) 0.60      c) 0.35      d) 0.40      e) 0.25
- iii. A student is randomly selected from this group, and it is found that the student is majoring in finance. What is the probability that the student is a male?  
 a) 0.21      b) 0.10      c) 0.56      d) 0.48      e) 0.35
4. If  $x$  is uniformly distributed over the interval 8, to 12, inclusively ( $4 \leq x \leq 8$ ),
- ii. The height of this distribution,  $f(x)$ , is \_\_\_\_\_  
 a) 1/8      b) 1/4      c) 1/12      d) 1/20      e) 1/24
- ii. Its standard deviation of this distribution is \_\_\_\_\_  
 a) 4.00      b) 1.33      c) 1.15      d) 2.00      e) 1.00

*A. J. G. L. L.*

- iii.  $P(5.5 \leq x \leq 7.0)$ , is \_\_\_\_\_  
a) 0.250 b) 0.333 c) 0.375 d) 0.500 e) 0.750
- iv.  $P(x \leq 11)$  is \_\_\_\_\_  
a) 0.750 b) 0.000 c) 0.333 d) 0.500 e) 1.000
- v.  $P(x = \text{exactly } 10)$  is \_\_\_\_\_  
a) 0.750 b) 0.000 c) 0.333 d) 0.500 e) 0.900

**PART II: Write T if the statement is true and F if the statement is false (Give justification): [15 grades]**

1. The most appropriate measure of central tendency for nominal-level data is the median.
2. Average deviation is a common measure of the variability of data containing a set of numbers.
3. The average of the squared deviations about the arithmetic mean is called the standard deviation.
4. The lowest appropriate level of measurement for the median is ordinal.
5. If the mean of a distribution is greater than the median, then the distribution is positively skewed.
6. If the occurrence of one event does not affect the occurrence of another event, then the two events are mutually exclusive.
7. If two events are mutually exclusive, then the two events are also independent.
8. Given two events A and B each with a non-zero probability, if the conditional probability of A given B is zero, it implies that the events A and B are mutually exclusive.
9. Given two events, A and B, if the probability of either A or B occurring is 0.8, then the probability of neither A nor B occurring is -0.8.
10. In a binomial distribution,  $p$ , the probability of getting a successful outcome on any single trial, remains the same from one trial to another.
11. A z-score is the number of standard deviations that a value of a random variable is above or below the mean.
12. For a binomial distribution in which the probability of success  $p = 0.5$ , the variance is twice the mean.
13. Since a normal distribution curve extends from minus infinity to plus infinity, the area under the curve is infinity.
14. A normal distribution with a mean of zero and a standard deviation of 1 is called a null distribution.
15. In a standard normal distribution, if the area under curve to the right of a z-value is 0.10, then the area to the left of the same z-value is -0.10.

**Kafrelsheikh University**

**Faculty of Commerce**

**HUMAN RESOURCE MANAGEMENT**

*FULL SEMESTER (January, 2017): Total marks (85 marks)*

(Year Two/ English Section)

(Duration: 3 hours)

تنبيه هام : المطلوب في الامتحان اختيار 15 مصطلح فقط في الجزء الاول و سته اسئله فقط من الجزء الثاني ولن يتم الالتفات الى اي اجابة زائده و في حاله وجودها سيتم تصحيح المطلوب فقط بترتيب الاجابة و عدم النظر لاي اجابة اضافية .

**Part One: Give the meaning of 15 of the following terminologies; (Don't exceed three lines each)**

(30 Marks assigned to this part)

- 1- Employee replacement charts
- 2- Career glass ceiling
- 3- Skill-based pay
- 4- Task Analysis
- 5- Training instructional objectives
- 6- Massed-vs-distributed learning
- 7- Spot Rewards
- 8- Core Employees
- 9- Panel interview
- 10- Employee leasing
- 11- Career Plateau
- 12- Training Plateau
- 13- Nondirective interview
- 14- Employees outsourcing
- 15- Simulation training
- 16- Structured interview
- 17- Staffing Tables
- 18- Succession Planning

**Part Two: Briefly answer six of the following questions; (55 Marks assigned to this part)**

- 1- "PM and HRM are two different approaches in managing organization human capital", as a professional HR manager explain which one is better when dealing with human capital and why?
- 2- What are the organization's options to deal with employees' shortage or surplus?
- 3- What are the advantages and limitations of recruiting from within?
- 4- Discuss the different stages of career development.
- 5- What are the ground rules for employment interviews?
- 6- Discuss the relationship between training and other HRM functions.
- 7- What are the different training methods for non-managerial employees?
- 8- Discuss the different methods for evaluating the training programs.

Best wishes,

Dr. Sameh Matar

Kafrelsheikh University  
Faculty of Commerce  
Grade :Two  
English Section



First-term Exam 2016/2017  
Subject: Managerial Accounting  
Time Allowed: Three Hours  
Date : 22 /01 /2017

**Answer the following questions:**

**Question One: (10 Marks)**

For each of the following statement, indicate whether it is True or false. Put your answer in a table of two columns, the first for the statement number and the second for the right sign (✓) or the wrong sign (x)

1. A variable cost is a cost whose cost per unit varies as the activity level rises and falls.
2. Indirect costs, such as manufacturing overhead, are always fixed costs.
3. Discretionary fixed costs arise from annual decisions by management to spend in certain fixed cost areas.
4. In any decision making situation, sunk costs are irrelevant and should be ignored.
5. For a given level of sales, a low contribution margin ratio will produce less net operating income than a high contribution margin ratio .
6. The total volume in sales dollars that would be required to attain a given target profit is determined by dividing the sum of the fixed expenses and the target profit by the contribution margin ratio.
7. Segmented statements for internal use should be prepared in the contribution format.
8. When production is less than sales for the period, absorption costing net operating income will generally be less than variable costing net operating income.
9. Avoidable costs are also called relevant cos.
10. Generally, a product line should be dropped when the fixed costs that can be avoided by dropping the product line are less than the contribution margin that will be lost.

**Question Two: (25 Marks)**

A-The Alpine House, Inc., is a large retailer of snow skis. The company assembled the information shown below for the quarter ended March 31:

|  | Amount    |
|--|-----------|
| Total sales revenue .....                              | \$150,000 |
| Selling price per pair of skis .....                   | \$750     |
| Variable selling expense per pair of skis .....        | \$50      |
| Variable administrative expense per pair of skis ..... | \$10      |
| Total fixed selling expense .....                      | \$20,000  |
| Total fixed administrative expense .....               | \$20,000  |
| Beginning merchandise inventory .....                  | \$30,000  |
| Ending merchandise inventory .....                     | \$40,000  |
| Merchandise purchases .....                            | \$100,000 |

**Required:**

1. Prepare a traditional income statement for the quarter ended March 31.
2. Prepare a contribution format income statement for the quarter ended March 31.
3. What was the contribution toward fixed expenses and profits for each pair of skis sold during the quarter? (State this figure in a single dollar amount per pair of skis.)

B-Royal Company manufactures 20,000 units of part R3 each year for use on its production line. At this level of activity, the cost per unit for part R3 is:

|                                       |                |
|---------------------------------------|----------------|
| Direct materials .....                | \$ 4.80        |
| Direct labor .....                    | 7.00           |
| Variable manufacturing overhead ..... | 3.20           |
| Fixed manufacturing overhead .....    | 10.00          |
| Total cost per part .....             | <u>\$25.00</u> |

An outside supplier has offered to sell 20,000 units of part R3 each year to Royal Company for \$23.50 per part. If Royal Company accepts this offer, the facilities now being used to manufacture part R3 could be rented to another company at an annual rental of \$150,000. However, Royal Company has determined that \$6 of the fixed manufacturing overhead being applied to part R3 would continue even if part R3 were purchased from the outside supplier.

**Required:**

Prepare computations showing how much profits will increase or decrease if the outside supplier's offer is accepted.

**Question Three: : ( 25 Marks)**

Menlo Company distributes a single product. The company's sales and expenses for last month follow:

|                      | Total     | per unit |
|----------------------|-----------|----------|
| Sales                | \$450,000 | \$30     |
| Variable expense     | 180,000   | 12       |
| Contribution margin  | 270,000   | 18       |
| Fixed expense        | 216,000   |          |
| Net operating income | 54,000    |          |

**Required:**

1. What is the monthly breakeven point in unit sales and in dollar sales?
2. Without resorting to computations, what is the total contribution margin at the breakeven point?
3. How many units would have to be sold each month to earn a target profit of \$90,000?
4. Refer to the original data. Compute the company's margin of safety in both dollar and percentage terms.
5. Refer to the original data:
  - a. Compute the company's degree of operating leverage.
  - b. Using the degree of operating leverage, estimate the impact on net operating income of a 5% increase in sales.



**Question Four: (25 Marks)**

A-Lynch Company manufactures and sells a single product. The following costs were incurred during the company's first year of operations:

Variable costs per unit:

|   |     |
|---|-----|
| Manufacturing:                            |     |
| Direct materials .....                    | \$6 |
| Direct labor .....                        | \$9 |
| Variable manufacturing overhead .....     | \$3 |
| Variable selling and administrative ..... | \$4 |

Fixed costs per year:

|  |           |
|--|-----------|
| Fixed manufacturing overhead .....     | \$300,000 |
| Fixed selling and administrative ..... | \$190,000 |

During the year, the company produced 25,000 units and sold 20,000 units. The selling price of the company's product is \$50 per unit.

**Required:**

- Assume that the company uses absorption costing:
  - Compute the unit product cost.
  - Prepare an income statement for the year.
- Assume that the company uses variable costing:
  - Compute the unit product cost.
  - Prepare an income statement for the year.

B-Boyle's Home Center, a retailing company, has two departments, Bath and Kitchen. The company's most recent monthly contribution format income statement follows:

|                                   | Total             | Department          |                   |
|-----------------------------------|-------------------|---------------------|-------------------|
|                                   |                   | Bath                | Kitchen           |
| Sales .....                       | \$5,000,000       | \$1,000,000         | \$4,000,000       |
| Variable expenses .....           | 1,900,000         | 300,000             | 1,600,000         |
| Contribution margin .....         | 3,100,000         | 700,000             | 2,400,000         |
| Fixed expenses .....              | 2,700,000         | 900,000             | 1,800,000         |
| Net operating income (loss) ..... | <u>\$ 400,000</u> | <u>\$ (200,000)</u> | <u>\$ 600,000</u> |

A study indicates that \$370,000 of the fixed expenses being charged to the Bath Department are sunk costs or allocated costs that will continue even if the Bath Department is dropped. In addition, the elimination of the Bath Department would result in a 10% decrease in the sales of the Kitchen Department.

**Required:** If the Bath Department is dropped, what will be the effect on the net operating income of the company as a whole?

*Best Wishes*  
*Prof. Dr. Reda Saleh*

Answer the following questions:

**Question One:**

**Define the following concepts :**

1. Exchange and Relationships.
2. The Societal Marketing Concept.
3. Marketing Information Systems.
4. Descriptive Research.
5. Consumer Buyer Behavior.
6. Personality and Self Concept.
7. Concentrated Marketing.
8. Market Targeting.
9. Product Positioning.
10. Channels of Distribution.

**Question Two: Comment on the following statements:**

1. Differences are apparent between the selling and the marketing concepts.
2. The research design must specify the primary data to collect, and how they will be collected.
3. Marketers should study the cultural factors which influence the consumer behavior.
4. Marketers rely on major variables for segmenting business markets.
5. It is essential for buyers to follow certain stages on order to take an effective decision.
6. Producers use intermediaries because they play important functions in making products available to target markets.

**Best of Luck**



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 (30).**

1. ....is an asset that is generally accepted as payment for goods and services or repayment of debt. (1)
2. ....are Instructions to the bank to shift funds from your account to that of the person or firm whose name is written in the "Pay to the Order of" line. (1)
3. ....monitor financial Institutions and stabilize the economy. (1)
4. The collection and processing of.....is the basis of foundation of the financial system. (1)
5. The factors that make the financial instruments be valuable are.....&..... (2)
6. ....is another new method of payment that can be used for purchases on the Internet. (1)
7. ....letter of credit is a form of insurance; the bank promises that it will repay the lender should the borrower default. (1)
8. ....used to transfer resources directly from savers/lenders to investors/borrowers. (1)
9. The three types of cash assets are.....cash items in the process of.....and..... (2)
10. ....risk is the risk of a sudden demand for funds and it can come from both sides of a bank's balance sheet, while.....is the risk that loans will not be repaid. (2)
11. The ownership of common stock conveys a number of rights: A stockholder is entitled to.....and..... (2)
12. ....are sometimes called secondary reserves because they are highly liquid and can be sold quickly if the bank needs cash. (1)
13. ....are markets where financial claims are bought and sold for payment at a future date. (1)
14. A.....card is a promise by a bank to lend the cardholder money with which cardholder makes purchases. (1)
15. ....is a written legal obligation of one party to transfer something of value, to another party at some future dates, under certain conditions. (1)
16. ....is a physical location where trading takes place, while.....Networks of dealers connected electronically. (2)
17. ....is the web of arrangements that allow for the exchange of goods and services, as well as assets, among different people. (1)

18. The roles of financial institutions are:
  - a. Reduce.....costs.
  - b. Reduce.....costs. (2)
19. The asset side of a bank's balance sheet includes.....,.....,....., and all other assets (which includes mostly buildings and equipment). (1)
20. Liquidity is a measure of the.....with which an asset can be turned into a means of payment (namely.....). (2)
21. The five core principles of money and banking are:
  - a.....has value.
  - b.....requires compensation.
  - c.....is the basis for decisions.
  - d.....determine prices and allocate resources.
  - e.....improves welfare. (3)

**2<sup>nd</sup> Question Choose as appropriate (25)**

1. A zero-coupon bond refers to a bond which:
  - a. Does not pay any coupon payments because the issuer is in default
  - b. Promises a single future payment
  - c. Pays coupons only once a year
  - d. Pays coupons only if the bond price is above face value
2. Which of the following makes fixed payments indefinitely?
  - a. Amortized loan
  - b. Consol
  - c. Coupon bond
  - d. Zero-coupon bond
3. Secondary reserves for banks are:
  - a. The same as the bank's net worth
  - b. Mainly the bank's liquid securities
  - c. Vault cash
  - d. Deposits the bank has at the Federal Reserve
4. If the annual interest rate is 5% (.05), the price of a three-month Treasury bill would be:
  - a. \$95.00
  - b. \$98.79
  - c. \$98.75
  - d. \$97.59
5. A share of common stock represents:
  - a. A claim from a lender against a borrower
  - b. A share of ownership of the company
  - c. A share in the company's debts
  - d. An unlimited liability to the owner of the stock
6. Net interest income for a bank is:
  - a. The difference between gross income and net income after taxes
  - b. The difference between interest income and interest expense
  - c. The interest banks earn from uses of funds
  - d. The difference between interest income and total expenses

7. A primary financial market is:
  - a. A market just for corporate stocks
  - b. One in which newly issued securities are sold
  - c. The New York Stock Exchange
  - d. A market only for old securities
8. As bond prices increase:
  - a. The quantity of bonds supplied decreases
  - b. The quantity of bonds supplied increases
  - c. The quantity of bonds demanded increases
  - d. Yields increase
9. The fact that common stockholders are *residual claimants* means.
  - a. The stockholders receive their dividends before any other residuals are paid
  - b. The stockholders have a claim against the revenue that remains after everyone else is paid
  - c. The stockholders are paid any past due dividends before other claims are paid
  - d. The stockholders are paid before the bondholders but after any taxes are paid
10. Which of the following statements best completes this sentence: "On a bank's balance sheet...."?
  - a. Assets show the sources of funds and the net worth shows the uses of funds
  - b. Assets show the uses of funds and liabilities show the sources of funds
  - c. Net worth shows the sources of funds and liabilities show the uses of funds
  - d. Net worth represents both a source and a use of funds
11. The relationship between the price and the interest rate for a zero coupon bond is *best* described as:
  - a. Volatile
  - b. Inverse
  - c. Fluctuating
  - d. Non-existent
12. The most broadly based stock index in use is:
  - a. The Nasdaq Composite Index
  - b. The Wilshire 5000
  - c. The Dow Jones Industrial Average
  - d. The Standard and Poor's 500 Index
13. Which of the following best expresses the formula for determining the price of a U.S. Treasury bill that matures n periods from now per \$100 of face value when the interest rate is i?
  - a.  $\$100/(1 + i)$
  - b.  $\$100/(1 + i)^n$
  - c.  $\$100/(1 + i)$
  - d.  $1 + \$100/(1 + i)^n$
14. The fact that a bank's assets tend to be long-term while its liabilities are short-term creates:
  - a. Credit risk
  - b. Interest-rate risk
  - c. Lower risk for the bank, this is why they follow this strategy
  - d. Trading risk

15. One thing that is common for all bank loans is that they are:
  - a. Securitized
  - b. Part of the banks' assets
  - c. Liquid
  - d. Unsecured
16. Most home mortgages are good examples of:
  - a. Consols
  - b. Fixed-payment loans
  - c. Coupon bonds
  - d. Zero-coupon bonds
17. The Dow Jones Industrial Average is:
  - a. A simple average
  - b. A price-weighted index
  - c. A value-weighted index
  - d. A total-value index
18. Which of the following is not a bank liability?
  - a. Demand deposits
  - b. Reserves
  - c. Non-transaction deposits
  - d. Federal fund borrowings
19. A pure discount bond is also known as:
  - a. A consol
  - b. A zero-coupon bond
  - c. A coupon bond
  - d. A fixed payment loan
20. The Nasdaq Composite Index:
  - a. Is made up of over 50,000 firms traded on the Over-the-Counter market
  - b. Is made up of mainly newer firms, and heavily influenced by technology and internet companies'
  - c. Is a price-weighted index
  - d. Is the most broadly based index in use

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

**How do the following changes affect the demand, supply, (or both) in the bond market?**

1. An increase in the government's borrowing. (5)
2. An improvement in business conditions. (5)
3. An increase in expected inflation. (10)
4. An increase in bond liquidity relative to alternatives. (5)
5. An increase in expected return on bonds relative to alternatives. (5)

**Best Wishes**

Total Assets \$170,000                      Michaels, Capital 14,000  
Total Liabilities & Equities \$170,000

The non-cash assets are sold for \$110,000. **Required:**

- a. Prepare a statement of partnership realization and liquidation.
- b. Prepare the required journal entries to account for the liquidation of BG Land Development Company.

### **Question Five**

The balance sheet of Roger, Susan, and Tom, who share partnership profits 30 percent, 30 percent, and 40 percent, respectively, included the following balances on January 1, 2011, the date of dissolution: Cash \$ 20,000 ; Other assets 130,000 ; Loan to Susan 10,000 ; Liabilities \$ 40,100 ; Loan from Roger 5,000 ; Roger capital 9,900 ; Susan capital 45,000 ; Tom capital 60,000. During January 2011, part of the firm's assets are sold for \$40,000. In February the remaining assets are sold for \$21,000. Assume that available cash is distributed to the proper parties at the end of January and at the end of February. **REQUIRED:**

1. Prepare a statement of partnership liquidation with supporting safe payments schedules for each cash distribution. (It will not be possible to determine the actual gains and losses in January.)
2. Prepare a statement of Cash distribution Plan.

### **Question Six**

1. Distinguish between General and Limited Partnerships.
2. Distinguish between simple and installment liquidation.
3. Determine the rank ordering for payments in partnership liquidations.
4. Distinguish between Safe Payments scheme *and* Cash Distribution Plan.

**End of the Exam with Best wishes &**

Kafr El-Sheikh University

Faculty of Commerce

Partnership Accounting

English section

Grade Two: Final Exam

Wednesday 4 -1-2017

Time allowed three hours



Answer the following questions

Question One

C. Eastwood, A. North, and M. West are manufacturers' representatives in the architecture business. Their capital accounts in the ENW partnership for 20X1 were as follows:

| C. Eastwood, Capital |            | A. North, Capital |            | M. West, Capital |            |
|----------------------|------------|-------------------|------------|------------------|------------|
| 9/1 8,000            | 1/1 30,000 | 3/1 9,000         | 1/1 40,000 | 8/1 12,000       | 1/1 50,000 |
|                      | 5/1 6,000  |                   | 7/1 5,000  |                  | 4/1 7,000  |
|                      |            |                   | 9/1 4,000  |                  | 6/1 3,000  |

Required

For each of the following independent income-sharing agreements, prepare an income distribution schedule.

- Salaries are \$15,000 to Eastwood, \$20,000 to North, and \$18,000 to West. Eastwood receives a bonus of 5 percent of net income after deducting his bonus. Interest is 10 percent of ending capital balances. Eastwood, North, and West divide any remainder in a 3:3:4 ratio, respectively. Net income was \$78,960.
- Interest is 10 percent of weighted-average capital balances. Salaries are \$24,000 to Eastwood, \$21,000 to North, and \$25,000 to West. North receives a bonus of 10 percent of net income after deducting the bonus and her salary. Any remainder is divided equally. Net income was \$68,080.
- West receives a bonus of 20 percent of net income after deducting the bonus and the salaries. Salaries are \$21,000 to Eastwood, \$18,000 to North, and \$15,000 to West. Interest is 10 percent of beginning capital balances. Eastwood, North, and West divide any remainder in an 8:7:5 ratio, respectively. Net income was \$92,940.



### **Question Two**

The capital accounts of the Ann, Bob, and Carrie partnership at December 31, 2011, together with profit and loss sharing ratios, are as follows: Ann (25%) \$ 75,000 ; Bob (25%) 100,000 ; Carrie (50%) 125,000 . The partners agree to admit Darling into the partnership.

**REQUIRED:** Prepare the journal entry or entries to admit Darling into the partnership and calculate the partners' capital balances immediately after his admission under each of the following independent assumptions:

1. Carrie sells half of her interest to Darling for \$90,000, and the partners agree to admit Darling into the partnership.
2. Darling invests \$75,000 cash in the partnership for a 25% interest in the partnership capital and profits, and partnership assets are revalued.
3. Darling invests \$80,000 cash in the partnership for a 20% interest in the capital and profits, and partnership assets are revalued.
4. Darling invests \$90,000 cash in the partnership for a 30% interest in the capital and profits, and partnership assets are not revalued.

### **Question Three**

The Cas, Don, and Ear partnership balance sheet and profit and loss percentages at June 30, 2011, are summarized as follows: Assets \$500,000 ; Cas capital (30%) \$140,000 ; Don capital (30%) 175,000 ; Ear capital (40%) 185,000 . **On July 1, 2011**, the partners agree that Cas is to retire immediately and receive \$161,000 for her partnership interest.

**REQUIRED:** Prepare journal entries to illustrate three possible methods of accounting for the retirement of Cas.

### **Question Four**

Matthews, Mitchell, and Michaels are partners in BG Land Development Company and share losses in a 5:3:2 ratio, respectively. The balance sheet on June 30, 20X1, when they decide to liquidate the business, is as follows:

| <b>Assets</b>          | <b>Liabilities and Capital</b> |
|------------------------|--------------------------------|
| Cash \$ 20,000         | Accounts Payable \$ 30,000     |
| Noncash Assets 150,000 | Mitchell, Loan 10,000          |
|                        | Matthews, Capital 80,000       |
|                        | Mitchell, Capital 36,000       |