

**Answer the following questions:**

**Question One:**

**Define the following concepts:**

1. International Business.
2. Material Culture.
3. Individualism versus Collectivism.
4. Terrorism.
5. Country Risk Assessment.
6. Tariff Barriers.
7. Global Strategic Planning.
8. Quantify the Objectives.
9. Make Tactical Plans.
10. Global Mindset.

**Question Two:**

**Comment on the following statements:**

1. Many arguments are supporting globalization on the other hand, there are concerns with globalization.
2. Every culture has a set of attitudes and beliefs that influence all aspects of human behavior.
3. Governments have a number of arguments, which have been presented in supporting their efforts in order to restrict trades.
4. A company must be able to quickly identify and exploit opportunities wherever they occur, domestically and internationally.
5. Warren Bennis has differentiated between Management and leadership.

**Best of Luck**



Date: 4 / 6 / 2015

Duration: 3 hours

Model B

(4 pages)

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

- 1- Your model is \_\_\_\_  
A- A    B- B    C- C    D- D
- 2- Eyad purchased a stock one year ago at a price of \$32 a share. In the last year, he has received dividends of \$3.6. Today he sold the stock for \$38 a share. His capital gain per share is \_\_\_\_  
A- \$22.50    B- \$9    c- \$6    D- None of them
- 3- According to question 8, His capital gain rate per share is \_\_\_\_  
A- 18.75%    B- 22.2%    c- 18.5%    D- None of them
- 4- The holding rate of return equal \_\_\_\_  
A- 18.75%    B- 30.2%    c- 30%    D- None of them
- 5- You would want to purchase a security if Price \_\_\_\_ fair value or Err \_\_\_\_ rrr.  
A-  $\geq, \leq$     B-  $\geq, \geq$     c-  $\leq, \geq$     D-  $\leq, \leq$
- 6- \_\_\_\_ is the ability to convert an investment into cash quickly with little or no loss of value  
A- return    B- risk    c- liquidity    D- real estate
- 7- Which one of the following has the lowest level of risk?  
A- Bonds    B- Stocks    c- Treasury bill    D- real estate
- 8- Short-term securities are bought and sold in the \_\_\_\_  
A- Primary markets    B- Secondary markets    c- A&B    D- Money markets
- 9- ----- is generally an agreement to exchange a standard quantity of assets at a set price on a specific date in the future  
A- Derivative security    B- Spot FX    c- Forward FX    D- Money markets
- 10- \_\_\_\_\_, a dollar received today is worth more than a dollar received at some future date  
A- Simple interest    B- Compound interest    c- Forward FX    D- The time value of money
- 11- Components of Return are \_\_\_\_  
A- Income    B- Capital gains (or losses)    c- A&B    D- None of them
- 12- \_\_\_\_\_ is the difference between the proceeds from the sale of an investment and its original purchase price  
A- Income    B- Capital gains (or losses)    c- A&B    D- None of them
- 13- \_\_\_\_\_ determines what an investor is willing to pay for an investment or if they are willing to make an investment  
A- Err    B- rrr    c- actual rate of return    D- None of them
- 14- \_\_\_\_\_, The rate of return an investor must earn on an investment to be fully compensated for its risk  
A- Err    B- rrr    c- actual rate of return    D- None of them
- 15- \_\_\_\_\_, Return an investor thinks an investment will earn in the future  
A- Err    B- rrr    c- actual rate of return    D- None of them
- 16- The concept of \_\_\_\_\_ refers to the present value of benefits equals or exceeds the present value of its costs  
A- a coupon    B- the interest rate    c- a Satisfactory Investment    D- none of them



Suppose risk premium associated with Aser's stock is 6%, the risk-free rate of return is 4%. Covariance  $cov(R_A, R_M)$  is 6, the standard deviation of market is 2.

- 17- The required rate of return equal \_\_\_\_\_  
 A-11.5%      B-12%      c-10.5%      D-None of them
- 18- Beta is \_\_\_\_\_  
 A-1.5      B-2      c-3      D-None of them
- 19-  $Var(R_M)$   
 A-6      B-4      c-5      D-None of them
- 20- Treasury bill rate of return equal \_\_\_\_\_  
 A-6 %      B-5%      c-4 %      D-None of them
- 21- The market rate of return is \_\_\_\_\_  
 A-6%      B-5%      c-4%      D-None of them
- 22- \_\_\_\_\_ is the current return actually received by an investor during the given return period  
 A- Err      B- rrr      c-actual rate of return      D- the realized rate of return
- 23- The market is efficient in case of Err \_\_\_\_\_ rrr.  
 A-  $\geq$       B-  $\leq$       c- =      D-None of them
- 24- According to \_\_\_\_\_ theory, level of interest rates in financial markets as a result of the supply and demand  
 A-Loanable funds      B-Unbiased Expectations      c-Liquidity Premium      D-None of them
- 25- According to \_\_\_\_\_ theory, Long-term interest rates are geometric averages of current and expected future short-term interest rates  
 A-Loanable funds      B-Unbiased Expectations      c-Liquidity Premium      D-None of them
- 26- As interest rate goes up, the demand of loanable funds \_\_\_\_\_  
 A-goes down      B- goes up      c-remains unchanged      D-None of them
- 27- \_\_\_\_\_ is periodic cash flow a bond issuer pay to bond holder  
 A- Coupon rate      B- Required rate of return      c- Expected rate of return      D-None of them
- 28- When the market price  $\geq$  fair value, the security is \_\_\_\_\_  
 A-overvalued      B-overestimated      c-A&B      D-None of them
- 29- \_\_\_\_\_ is the chance that the actual return from an investment may differ from what is expected.  
 A- Risk      B- Required rate of return      c- Expected rate of return      D-None of them
- 30- \_\_\_\_\_, The degree of uncertainty associated with an investment's earnings and the investment's ability to pay the returns owed to investors.  
 A- Financial Risk      B- Business Risk      c- Currency Exchange Risk      D-None of them
- 31- \_\_\_\_\_, is the chance that changing price levels (inflation or deflation) will affect investment returns.  
 A-Financial Risk      B- Business Risk      c- Currency Exchange Risk      D-None of them
- 32- Which types of risk cannot be avoided by diversification?  
 A-Financial Risk      B- Business Risk      c- Currency Exchange Risk      D-A&C
- 33- The greater the dispersion around an asset's expected return, the greater the risk.  
 A-True      B- false      c- sometimes
- 34- \_\_\_\_\_ is a statistic used to measure the relative dispersion of an asset's returns.  
 A- Coefficient of variation      B- Standard deviation      c- Business Risk      D-None of them



Suppose, Ali paid \$1.64 as an annual dividend per share last year, the growth rate in dividends  $g = 0.03\%$ , a required rate of return of  $9\%$ , and the market value of stock \$ 20.25

- 35- dividends in the first year equal \_\_\_\_  
 A- \$1.869      B- \$2.442      c- \$3.385      D-None of them
- 36- The intrinsic (fair) value is \_\_\_\_  
 A-\$22.63      B-\$28.15      c-\$69.63      D-None of them
- 37- Your decision:  
 A-buy if I want      B-sell if I have      c- None of them
- 38- IF the rate of growth in dividends in the  $g = 0\%$ , the intrinsic (fair) value is \_\_\_\_  
 A- \$22.50      B- \$23.50      c- \$242.50      D-None of them
- If dividends grow at approximately 12% for the first two years and 6% from year 3 into the future .the market value of stock \$ 20.25, using a required rate of return of 10%.**
- 39- D2 equal \_\_\_\_  
 A- \$1.869      B- \$2.442      c- \$3.385      D-None of them
- 40- D3 is \_\_\_\_  
 A-\$22.63      B-\$28.15      c-\$69.63      D-None of them
- 41- The intrinsic (fair) value is \_\_\_\_  
 A-\$22.63      B-\$28.15      c-\$69.63      D-None of them
- 42- Your decision:  
 A-buy if I want      B-sell if I have      c- None of them
- 43- \_\_\_\_ has a market value that is above par value  
 A-Premium bond      B- Discount bond      c- coupon rate      D-None of them
- 44- \_\_\_\_ Occur when market interest rates are above bond's coupon rate  
 A-Premium bond      B- Discount bond      c- coupon rate      D-None of them
- 45- \_\_\_\_ is the risk that a bond will be difficult to sell at a reasonable price  
 A- Liquidity Risk      B- Purchasing Power Risk      c- Call Risk      D- Business/Financial Risk
- 46- \_\_\_\_ is the chance that bond yields will lag behind inflation rates  
 A- Liquidity Risk      B- Purchasing Power Risk      c- Call Risk      D- Business/Financial Risk
- 47- \_\_\_\_ is the risk that a bond will be "called" (retired) before its scheduled maturity date  
 A- Liquidity Risk      B- Purchasing Power Risk      c- Call Risk      D- Business/Financial Risk
- 48- \_\_\_\_ is the chance the issuer of the bond will default on interest and/or principal payments  
 A- Liquidity Risk      B- Purchasing Power Risk      c- Call Risk      D- Business/Financial Risk
- 49- \_\_\_\_ is the bond's par value plus call premium  
 A-Premium bond      B- Call price      c- coupon rate      D-None of them
- 50- One of the most advantages of MF is  
 A- Professional portfolio management      B-indirect transfer      c-A&B      D-None of them
- 51- Equity funds normally invest significant amounts in \_\_\_\_  
 A- Common stock      B- Long term bonds      c-A&B      D-None of them
- 52- The market value of a mutual fund's assets divided by the number of fund shares outstanding is equal to the \_\_\_\_.  
 A- Net asset value      B- Load charge      c- Expense ratio      D-None of them
- 53- Mutual funds can carry a number of different types of sales charges and fees. Briefly explain the following such expenses.  
 A- A closed-end      B- A load fund      c- A no-load fund      D-None of them

- 54- If a fund has a net asset value of \$30 per share and the market value of a mutual fund's assets is 3000000, the number of shares outstanding is \_\_\_\_  
 A-\$10000 B-30000 c-40000 D-None of them
- 55- Which of the following are benefits related to stock ownership?  
 A- ease of trading B- guarantee of long-term positive returns c-A&B D- affordability
- 56- \_\_\_\_ may be used when a firm, believing the price of its stock is too high, wants to enhance the stock's trading appeal.  
 A- Income B- Capital gains (or losses) c- Stock Spin-offs D- Stock splits
- 57- The value that represents the amount of stockholders' equity in a firm is called the \_\_\_\_  
 A- book value B- par value c- market value D- Stock splits
- 58- Stocks whose prices are expected to remain stable, or even prosper, when economic activity is slowing down are known as  
 A- defensive stocks. B- Cyclical Stocks c- Stock Spin-offs D- Stock splits
- 59- The issuer is prohibited from retiring the bond issue prior to maturity  
 A Freely callable B- Non-callable c- Deferred callable D-None of them
- 60- The issue can be prematurely retired at any time.  
 A Freely callable B- Non-callable c- Deferred callable D-None of them
- For a \$60 annual payment coupon corporate bond, with  $rrr = 10\%$  maturing in  $n = 6$  years,  $par=1000$ :**
- 61- The coupon rate equal \_\_\_\_  
 A-6% B-5% c-4% D-None of them
- 62- The present value of a bond  
 A-\$1010.63 B-\$1100.15 c-\$1169.63 D-None of them
- 63- For the same bond used above, the PV with semiannual compounding would be \_\_\_\_  
 A-\$1122.63 B-\$950.15 c-\$969.63 D-None of them
- 64- Stocks are a(n) \_\_\_\_ investment representing \_\_\_\_ of a business  
 A- direct; ownership B- direct; debt c- indirect; ownership D- none of them
- 65- \_\_\_\_, markets in which new issues of securities are sold to investors  
 A- Primary markets B- Secondary markets c-A&B D- Money markets
- 66- Bonds represent a \_\_\_\_ level of risk than do stocks in the same company.  
 A- lower B- higher c- bigger D- Money markets
- 67- Mutual funds invest in diversified portfolios of securities.  
 A-true B-false c-sometimes true D-none of them
- 68- The periodic payments that a corporation pays to its shareholders from net earnings are called \_\_\_\_  
 A- a coupon B- the interest rates c- a dividends D-none of them
- 69- Which of the following is an example of a tangible asset?  
 A- Bonds B- Stocks c-A&B D- real estate
- 70- Which of the following investments represents partial ownership of a corporation?  
 A- Bonds B- Stocks c-A&B D- real estate

**Best Wishes**

**Dr.Ali Abdelkader**





Date: 4 / 6 / 2015 Duration: 3 hours Model D (4 pages)

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

If dividends grow at approximately 12% for the first two years and 6% from year 3 into the future .the market value of stock \$ 20.25, using a required rate of return of 10%.

- 1- Your model is \_\_\_\_\_  
A- A B- B C- C D- D
- 2- D2 equal \_\_\_\_\_  
A- \$1.869 B- \$2.442 c- \$3.385 D-None of them
- 3- D3 is \_\_\_\_\_  
A-\$22.63 B-\$28.15 c-\$69.63 D-None of them
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- 50- Beta is \_\_\_\_\_  
 A- 1.5    B- 2    c- 3    D- None of them
- 51- Var(Rm)  
 A- 6    B- 4    c- 5    D- None of them
- 52- Treasury bill rate of return equal \_\_\_\_\_  
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- 66- \_\_\_\_ is a statistic used to measure the relative dispersion of an asset's returns.  
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- Suppose, Ali paid \$1.64 as an annual dividend per share last year, the growth rate in dividends  $g = 0.03\%$ , a required rate of return of  $9\%$  , and the market value of stock \$ 20.25**
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 A-\$22.63      B-\$28.15      c-\$69.63      D-None of them
- 69- Your decision:  
 A-buy if I want      B-sell if I have      c- None of them
- 70- IF the rate of growth in dividends in the  $g = 0\%$ , the intrinsic (fair) value is \_\_\_\_  
 A- \$22.50      B- \$23.50      c- \$242.50      D-None of them

Best Wishes

Dr.Ali Abdelkader



Answer all of the following questions.

**Question One**

- A. Discuss the elements of the Egyptian tax system and give short remarks and notes about each element from your point of view. You may add some suggestions for development.
- B. Why do governments need tax in different types of economic systems. Give more attention to the case of Egypt in the light of the new tax law 91 of 2005?.
- C. Why do the Egyptian tax legislator levy on natural persons many types of tax such as the tax on salaries and the like, tax on noncommercial professions, tax on real state wealth, and tax on commercial activities; rather than a one unified income tax?.
- D. Explain briefly, the depreciation of fixed assets in the tax law 91 of the year 2005.

**Question Two**

- A. An employee gets the following every month:  
Basic salary L.E.950, Overtime 300, Nature of work allowance 100. At the end of the year he received a remuneration for the amount of 6000 pounds.

**Required:**

- 1. Calculate taxes due on the salary every month.
  - 2. calculate the net amount received by the employee every month.
  - 3. Calculate taxes due on the remuneration.
- B. Assume that the basic salary for an employee is L.E. 800 monthly. And he receives Variable wages of L,E. 300 monthly. What the social security subscription that should be deducted ?



### **Question Three**

In the light of the new tax law 91 of 2005 in Egypt:

1. State some examples of the free and noncommercial professions subject to the tax on non-commercial professions.
2. State some examples of the professions and activities exempted from the tax of non-commercial professions.
3. Determine the taxable net income in each of the following cases:
  - a. An Egyptian architect has an office in Egypt. He did some designs in the United Arab Emirates. He doesn't maintain systematic accounting record. He is married with two children. His total revenues and expenses during the taxable year were as follows:

Total revenues from his office L.E. 120,000 ; Total revenues from designs in UAE L.E. 60,000 ; Total expenses L.E. 80,000.
  - b. A foreign CPA has his own office in the United States. He had conducted some consultations for some American companies in Egypt . His total revenues during the taxable year were as follow:

Total revenues from his office L.E. 190,000 ; Total revenues from his consultations in Egypt L.E. 110,000 ; Total expenses L.E. 50,000.

### **Question Four**

- A. Compare between the tax on built properties under the new property tax law and under the tax law 91 of the year 2005..
- B. Discuss the conditions that are necessary for measuring the taxable revenues of real state wealth on actual basis as mentioned in article 40 of tax law 91 of the year 2005.
- C. Mr. Mohamed Aly owns 50 acres of agriculture lands in Tahreer governorate. Dues on agriculture land paid 28 L.E. per acre. The market rental value is 3000 L.E. per acre. Assume that he plant it with ordinary crops, determine the net revenue from the agriculture land that is subject to taxes.

### **Question Five**

- A. state some examples of the deductible costs and expenditures from revenues of commercial and industrial activities and determine the general conditions for its allowable deductions.

- B. Explain how new Egyptian Tax Law encourages the investment in technology and productive activities.
- C. The following is the Income statement for a sole-proprietorship firm for the year ended Dec.31, 2014.

	L.E.	L.E.
Sales revenue		190,000
Less- cost of goods sold		113,300
Gross profit		76,700
Deduct operating expenses:		
-salaries and bonus expenses	20,000	
-depreciation expense	8,000	
-taxes expense	2,000	
-charity contribution expense	800	
-commission expense	1,000	
-Interest expense	16,000	
-Amortization expense	2,400	
-Advertising expense	3,600	
-Bad debt expense	400	
-Miscellaneous expenses	3,800	
-provisions and reserves	1,000	
Total operating expenses		59,000
Net operating income		17,700
Add- other revenues:		
-Gain on selling machinery	500	
-Interest revenue	600	
-Dividend revenue	1,200	
Total other revenue		2,300
Net Income		20,000

The tax audit reveals the following :

- 1- salaries and bonus include :
  - salary to the owner, L.E.1000.
  - Bonus to employees equal to 4-month salary, L.E.4,000.
- 2- Depreciation expense includes :
  - additional depreciation of a new machine purchased during the year, 40% of the cost , L.E. 30,000.
  - additional depreciation of automobiles purchased during the year , 30% of the cost , 1,200.
- 3-Tax expense includes:
  - property tax on the building owned by the firm and in which activities are exercised (at 10%), L.E.60.
  - custom duties on imported goods near the year end, L.E. 400.



- taxes on the owner's income for the year 1999, L.E. 1,540.
- 4-charitable contributions include:
  - donation to an Egyptian charitable society, L.E.500.
  - a gift to a worker's family who lost his life in an accident, L.E. 100.
  - donation to public service center in the faculty of commerce, Tanta university, L.E. 200.
- 5-commission expense includes:
  - sales commission to employees in the selling department L.E. 600.
  - commission paid in full o unknown individuals, L.E. 400.
- 6-interest expense includes:
  - interest on a loan at a rate of 15% (the recommended rate estimated by the central bank is 12%), L.E. 4,000.
  - interest on the capital contributed by the owner, L.E. 12,000.
- 7-advertising expense represents the price paid for some gifts sent to the customers at the occasion of the New Year.
- 8-provisions and reserves include:
  - provision for bad debts (the customers declared bankruptcy) L.E.400
  - Reserve for disputed taxes, L.E.600.
- 9- The firm did not start the legal procedures against customers whose debts are written off during the year L.E. 400, because the amounts are very small, and the addresses of the customers are not known.
- 10-interest revenue includes:
  - interest added to selling price of installment sales, L.E. 400.
  - discount earned for early payment to a supplier, L.E.200.
- 11-the firm received a dividend of L.E.1200 on shares acquired by the firm's owner.
- 12-misceelaneous expenses include car expense, L.E. 900. The car is used for the business and private affaires.
- 13- The firm used FIFO basis to value inventory in previous years. Ending inventory for 2014 is valued using LIFO at L.E. 12,000 (it will equal L.E. 15,000 if FIFO is used).

**Required:** Prepare the tax return submitted by the firm to the tax department ( there is no need for explanation to each item).

**End of the exam with My best regards**  
**Dr. Aly Mogahed**