

Kafrelsheikh University  
Faculty Of Commerce  
Second-term exam  
Sunday 5 – 6 – 2016



Bank Accounting  
Grade: Four  
85 Marks , 3 Pages  
Time Allowed:3 hours

Answer the following questions

Question One

1. What are the special characteristics that make Banks need special accounting Systems?
2. What are the major services offered by the commercial banks?
3. How can banks control over cash?

Question Two:

A. Copy the following table to your answer book and fill in the missing data.

	Category	Classification criteria	Valuation	Unrealized holding gains or losses
1	Held-to-maturity securities	?	?	?
2	Available for sale	?	?	?
3	Trading securities	?	?	?

B. Bank of Misr purchased treasury bonds on January 1, 2004, L.E.200,000 face amount, 12% coupon interest, matures Dec. 31, 2005, coupon due June 30 and Dec.31. Purchase price, L.E. 200,000. And a treasury Note , L.E. 400,000 face amount , 9% coupon interest , matures Dec. 31 , 2006 , coupon due June 30 and Dec. 31 , purchase price L.E. 370,000. Assume security is classified as held to maturity.

Required:

- 1- Record the purchase of securities on Jan.1, 2004. Payment was made by cashier's checks.
- 2- Record the interest earned at the end of January 2004.
- 3- Record the collection of interest on July.1, 2004. Payment was made directly to the bank's demand deposit account at the Egyptian central Bank.
- 4- Record the redemption of the treasury bonds on Dec. 31, 2005. Payment was made directly to the bank's demand deposit account at the Egyptian central bank.

### Question Three

- A. As a manager in the credit department in a commercial bank, discuss the credibility study you must do before deciding to grant your customer a loan or to reject his request.
- B. A Customer buys a three month L.E. 200,000 certificate of deposit in march 14, 2009 and the annual interest rate is 12%.

**Required:** Provide the journal entries to record the purchase of certificate , the accrual of interest during the deposit period , the maturity of certificate, and the payment of the certificate and the interest . the bank paid the interest to the customer by a check.

### Question Four

- A. State and define the different types of deposits in commercial banks.
- B. Interest on saving deposit accounts is calculated and recorded monthly. The interest is paid to the customers quarterly. The following are the amounts of interest accrued at the end of each month for the first quarter of 2004:

January 2004, L.E. 215,030  
February 2004, L.E. 237,120  
March 2004, L.E. 281,600  
Total 733,750

**Required:**

Record the accrual of interest on saving deposit accounts and the payment of interest to customers at the end of the first quarter.

### Question Five

- A. The United Bank of Kafr Elsheikh reports the following data:

Total Loans and Leases outstanding	L.E. 2,700,000
-Total equity	800,000
Total deposits	3,350,000
Total assets	4,800,000
Uninsured deposits	750,000
Total money market borrowings	400,000
Nonperforming loans	180,000
Charge off of loans	115,000
Allowance for loan losses (ALL)	140,000

-The estimated market values of the assets and total equity are 5,500,000 and 1,200,000 respectively.

-The stock price in the market is L.E. 30

-Earnings per share is L.E. 3

**Required:** Calculate all possible risk measures.

B. The following information is given for Cairo Bank:

-Total operating revenue	L.E. 53,000,000
-Total assets	L.E. 320,000,000
-Total equity	L.E.32, 000,000
-Net income after taxes	L.E.4, 000,000

Required: Calculate the following ratios:

- 1-Profit margin
- 2-Asset utilization
- 3-Equity multiplier
- 4-ROE

### Question Six

- A. discuss the fundamentals of the accounting systems in insurance companies ? and determine why does it differ from the accounting systems in other business organizations?
- B. Briefly discuss The types of insurance products and the importance of each.
- C. The following are transactions performed by Misr Insurance company (Life Insurance Branch) during the month of January 2010. the company has an agreement with Suez Canal Insurance company to reinsure 25% of its life policies with it:
  1. The net premiums for policies concluded during the month totaled L.E. 900,000. Issue fees L.E. 4,500, and supervision fees 3,500.
  2. Reinsurance premiums accepted totaled L.e. 500,000.
  3. Production commission due to agents and producers on direct premiums totaled L.E. 80,000. reinsurance on premiums ceded to Sues Canal Co. L.E. 25,000. reinsurance commission on premiums accepted from ceding companies totaled L.E. 30,000.
  4. the net premiums for renewed policies during the month totaled L.E. 300,000.
  5. Direct premiums collected from the new and renewed policies during the month totaled L.E. 1,000,000.

Required: Prepare the general journal entries for the above transactions.

End of the Exam with my Best wishes &  
Dr. Aly Mogahed

**Kafrelsheikh University**

**Course Title: International Accounting**

**Faculty:** Commerce

**Department:** Accounting

**Program:** English Section-4<sup>th</sup> year

**Semester:** 2/ 2015-2016

**Date:** 25/05/2016



**Instructor:** Dr. Salah A. Hammad

**Exam:** Final

**Time allowed:** 3 Hours

**Instructions to Students:**

- The exam paper is **2 pages long**.
- The exam consists of **3 questions**.
- The maximum score is **85 marks**.
- University regulations will be applied on cheating and you are liable to fail all term subjects.

**Q1**

**[30 Marks]**

The Lion Company sells parts to a foreign customer on December 1, Y1. Lion Company will receive 20,000 Crowns on March 1, Y2. Lion Company enters into a forward contract on December 1, Y1 to sell 20,000 Crowns on March 1, Y2. The relevant exchange rates for the Crowns Are:

Date	Spot Rate	Forward Rate (to March 1, year 2)
Dec. 1, Y1	\$ 1.00	\$ 1.04
Dec. 31, Y1	1.05	1.10
March 1, Y2	1.12	

Lion's incremental borrowing rate is 12%. The PV (present value) factor for 2 months at 12% (1% per month) is 0.9803 Lion close its books and prepare financial statements at Dec. 31.

**Required**

- Assuming that Lion designates the forward contract as a cash flow hedge of a foreign currency receivable, prepare journal entries for these transactions in U.S. dollars. What is the impact on Y1 net income? What is the impact on Y2 net income? What is the impact on net income over the two accounting periods?
- Assuming that Lion designates the forward contract as a fair value hedge of a foreign currency receivable, prepare journal entries for these transactions in U.S. dollars. What is the impact on Y1 net income? What is the impact on Y2 net income? What is the impact on net income over the two accounting periods?

**Q2:**

**[25 marks]**

Use the following to answer questions A and B:

Tiger Ltd., a Scottish subsidiary of Falcon, Inc., a U.S. company, showed cost of goods sold on its income statement for the year ended December 31, 2010.

Inventory, 1/1/10	£ 100,000
Purchases	900,000
Cost of Goods Available for Sale	1,000,000
Inventory, 12/31/10	200,000
Cost of Goods Sold	£ 800,000
Exchange rates/£	
December 31, 2010	\$0.522
December 31, 2009	\$0.560
2010 average	\$0.547

- A. What amount should be used to consolidate Tiger's cost of goods sold into Falcon's income statement under the current rate method?  
A) \$417,600 B) \$437,600 C) \$448,000 D) \$443,900
- B. What amount should be used to consolidate Tiger's cost of goods sold into Falcon's income statement under the temporal method?  
A) \$443,900 B) \$437,600 C) \$432,500 D) \$448,000

**Q3:**

**[30 marks]**

Falcon Inc., a U.S. company, has two subsidiaries, Eagle and Tiger. Eagle is located in Egypt and Tiger in the U.S. The tax rate is 17 % in Egypt and 35 % in the U.S. Eagle transfers 100 units to Tiger at a negotiated transfer price of \$10 per unit. The cost per unit is \$5 for Eagle and Tiger sells the units in the U.S. at \$15 per unit. Falcon intervenes to set the transfer price at \$13 per unit.

Required

- A. Determine divisional profits under the negotiated transfer price?
- B. Determine divisional profits under the discretionary transfer price?
- C. Compare between the results and explain what the appropriate transfer price for the objectives of performance evaluation and cost minimization?

*With My Best Wishes*

*Dr. Salah A. Hammad*

Kafrelsheikh University  
Faculty of Commerce  
English Section

Operational Research In  
Accounting  
Fourth Academic Year  
Final Exam

May 2016  
Time: 3 Hours  
Dr. Mohamed Srouf

**Answer the following questions:**

**Question (1):**

**[40 min.-15 marks]**

Tanta Manufacturing firm produce (3) products A , B , and C in two departments W and Y. The following data are to be used:

Products	Required (DLH) /unit		Marketing Capacity (Units)	Price/unit	Variable cost/unit
	Dept. W	Dept. Y			
A	5	4	17000	\$50	\$40
B	3	2	7000	\$75	\$50
C	2	4	3000	?	\$30
Capacity (DHL)	5000	7000			

**Additional Information:**

- Assume the price of product (C) is determined as a function of quantity of sales as follows:

Quantity (units)	Price
1 : 750	\$ 50
751 : 1750	\$ 45
1751 : ?	\$ 40

- Tanta firm has orders on hand 900, 500, and 600 for the three products respectively.
- Product A and product B are usually ordered in groups, at least 3 units of A ordered for 2 units of B, wanting enough units of A.
- Product C can't exceed 25% of the combined total of all products.

**Required:**

Formulate LP model to find the production plan that maximize profit.

**Question (2):**

**[60 min.-30 marks]**

Consider the linear programming problem:

$$\text{Maximize } P = 30X_1 + 10X_2 + 60X_3$$

Subject to:

$$3X_1 + X_2 + 3X_3 \leq 30$$

$$X_2 - X_3 \geq 10$$

$$X_1 + X_2 + X_3 = 10$$

$$X_1, X_2, X_3 \geq 0$$

The following simplex tableau applies, where  $X_4$  (slack),  $X_5$  (surplus), and  $X_6, X_7$  are (artificial) for the three constraints respectively.

Basic Mix	$X_1$	$X_2$	$X_3$	$X_4$	$X_5$	$X_6$	$X_7$	Solution	Exchange ratios
$X_4$	0	$2/3$	0		$-3/2$		$-3/2$	30	
?	1	$1/3$	0		$-1/2$		$1/2$	10	
?	0	$1/2$	1		$1/2$		$1/2$	0	
Sacrifice									
Improvement									

**Required:**

1. Determine the **Initial Tableau** for this problem.
2. Determine the **optimal solution** for this problem, **starting with the given tableau**.
3. Determine the Endogenous and Exogenous Variables
4. Determine the **Shadow Prices** and demonstrate the features of shadow prices.
5. Determine the **Basic Inverse Matrix** and demonstrate at least one of its features.

**Question (3):**

**[40 min.- 20 marks]**

The following transition matrix is appropriate for the buyers of three competing brands (A, B, and C):

	A	B	C
A	0.75	0.25	0
B	0	0.67	0.33
C	0.25	0.25	0.50

**Required:**

- (a) Suppose that in *May*, the market share was 40%, 25%, and 35% respectively. Determine the expected market share in *July*.
- (b) Which brand will get the *biggest market share in the long-run*?

**Question (4):**

**[40 min.- 20 marks]**

Consider the following zero-sum game:

		Player B			
		b <sub>1</sub>	b <sub>2</sub>	b <sub>3</sub>	b <sub>4</sub>
Player A	a <sub>1</sub>	5	0	-2	-1
	a <sub>2</sub>	-3	4	0	5
	a <sub>3</sub>	-1	3	2	5

**Required:**

- a. Eliminate any inadmissible acts.
- b. Find the optimal strategy for the firm A and for the firm B. and find the value of the game.
- c. Find expected A's expected payoff if he chooses to play with his optimal strategy where B chooses to play with b<sub>1</sub>  $\frac{1}{4}$  of time. And identify the value of the game.

**GOOD LUCK ...**





Date: 1/6/2016

Time:3hours

**Note : The Exam in 3 Pages**

**First Question :**

**20 marks**

information on Helmy's direct material costs for January 2016 is as follows:

- Actual unit price \$7.5
- Standard quantity for good production 11,000 unit
- Actual quantity used in January 10,000 unit
- Direct material price variance 5,500 F

**Required**

- a- compute the standard direct material price.
- b- compute the direct material quantity variance
- c- prepare the journal entry to accrue direct material cost and to record the material variances for January.
- d- prepare the journal entry to dispose of January material variances, assuming that they are insignificant.

**Second Question :**

**20 marks**

for each independent case , fill in the missing figures .

	Case A	Case B
Units produced	240	1,500
Standard hours per unit	?	?
Standard hours	600	?
Standard rate per hour	\$10.50	\$7

Actual hours worked	?	4,900
Actual labor cost	\$6,180	\$31,850
Labor rate variance	\$300U	?
Labor efficiency variance	?	\$2,800U

**Third Question:**

**20 marks**

National Toy Company has developed standard overhead costs based on a capacity of 180,000 machine hours as follows:

Standard costs per unit:

Variable portion	2 hours @ \$3 = \$6
Fixed portion	2 hours @ \$5 = \$10
	<u>\$16</u>

During November, 85,000 units were scheduled for production, but only 80,000 units were actually produced. The following data relate to November:

Actual machine hours used were 165,000.

Actual overhead incurred totaled \$1,378,000 (\$518,000 variable plus \$860,000 fixed).

All inventories are carried at standard cost.

**Compute**

- 1- the variable overhead spending variance for November .
- 2- The variable overhead efficiency variance for November.
- 3- The fixed overhead spending variance for November.
- 4- The fixed overhead volume variance for November.

**Fourth Question:**

**25 marks**

the following cash budget is for the third quarter of 2011. Solve for the missing numbers on the cash budget, assuming that the accountant has requested a minimum cash balance of \$7000 at the start of each month. All borrowing , repayments, and investments are made in even \$1000 amounts. No borrowing or investment exist at the beginning of July

	July	August	Sept.	Total
Beginning cash balance	\$ 7,400	?	?	?
Cash receipts	<u>16,400</u>	<u>20,200</u>	<u>?</u>	<u>?</u>
Total cash available	<u>?</u>	<u>?</u>	<u>\$41,000</u>	<u>\$77,800</u>
<b>Cash disbursements:</b>				
Payments on account	?	\$ 7,800	\$ 11,400	?
Wage expenses	10,000	?	12,400	34,600
Overhead costs	<u>8,000</u>	<u>9,200</u>	<u>?</u>	<u>26,000</u>
Total disbursements	<u>\$20,600</u>	<u>?</u>	<u>\$32,600</u>	<u>?</u>
Cash excess (inadequacy)	?	?	?	?
Minimum cash balance	<u>(7,000)</u>	<u>(7,000)</u>	<u>?</u>	<u>?</u>
Cash available (needed)	<u>?</u>	<u>\$ (8,800)</u>	<u>?</u>	<u>\$ (11,600)</u>
<b>Financing:</b>				
Borrowings (repayments)	\$ 4,000	?	\$ (1,000)	?
Sell (acquire) investments	0	0	?	?
Receive (pay) interest	<u>0</u>	<u>0</u>	<u>?</u>	<u>(20)</u>
Ending cash balance	<u>\$ 7,200</u>	<u>?</u>	<u>?</u>	<u>\$ 7,380</u>

*With my best wishes*

*Dr. Ayman Sabry*