

Kafr EL-Sheikh University

Faculty: Commerce
Department: Accounting
Program: English Section-4st year
Semester: 2014-2015



Course Title: International Accounting
Instructor: Dr. Mohamed Srour
Exam: Final
Time allowed: 3 Hours

Answer the following questions:

Question [1]: Multiple-Choice Questions

[40 Min. - 20 marks]

- Which of the following groups is a supranational organization?
 - United Nations
 - Organization for Economic Cooperation and Development
 - International Federation of Accountants
 - All of the above
- International accounting can be defined in terms of which the following levels?
 - Supranational organizations
 - Company
 - Country
 - All of the above
- What is the term used to describe the possibility that a foreign currency will decrease in US \$ value over the life of an asset such as Accounts Receivable?
 - foreign exchange translation
 - foreign exchange risk
 - hedging
 - foreign currency options
- The number of U.S. dollars (\$) today to buy one U.K. pound (£) six months from now is called:
 - the spot rate
 - the exact rate
 - the forward rate
 - the prime rate
- The factor used to convert from one country's currency to another country's currency is called the:
 - Interest rate.
 - Cost of capital.
 - Exchange rate.
 - Strike price.
- As used in international accounting, a "hedge" is:
 - a business transaction made to reduce the exposure of foreign exchange risk.
 - the legal barrier between the various divisions of a multinational company.
 - the loss in US \$ resulting from a decline in the value of the US \$ relative to foreign currencies.
 - one form of foreign direct investment.

7. Purchasing an option to buy foreign currency at a predetermined exchange rate in order to reduce exchange risk is called:
- A) transfer pricing.
 - B) hedging.
 - C) translating.
 - D) cross-listing.
8. What term is used to describe the process of reducing foreign exchange risk?
- A) international accounting
 - B) exposure
 - C) hedging
 - D) globalization
9. The ownership and control of foreign assets such as a manufacturing plant is called:
- A) a hedge.
 - B) foreign direct investment.
 - C) exposure.
 - D) derivatives.
10. Which of the following is an example of a greenfield investment?
- A) Nike contracts with a footwear company in China to make athletic shoes.
 - B) A Chinese oil company buys a U.S. oil company.
 - C) Toyota, a Japanese automaker, builds an assembly plant in Ohio.
 - D) Daimler, a German automaker, merges with Chrysler, a U.S. automaker.
11. Which of the following is not a problem caused by accounting diversity?
- A) Lack of qualified international auditors
 - B) Preparation of consolidated financial statements
 - C) Access to foreign capital markets
 - D) Comparability of financial statements
12. Differences in legal systems used in various countries have been cited as one reason for diversity in accounting practice. What are the major types of legal systems?
- A) commercial law and accounting law
 - B) rules and regulations
 - C) written law and unwritten law
 - D) common law and code law
13. The accounting standards in code law countries tend to be:
- A) very detailed.
 - B) formulated by organizations such as the FASB.
 - C) stated broadly without much guidance on accounting procedures.
 - D) very conservative.
14. What is likely to be the source of accounting standards in common law countries?
- A) Tax law
 - B) Non-government entities such as the FASB
 - C) Federal and local legislatures
 - D) The International Accounting Standards Board

15. In code law countries such as Germany, France, and Japan, tax law and accounting standards tend to be:
- A) unrelated.
 - B) very different.
 - C) similar.
 - D) more confusing than those in the U.S.
16. If most of a country's business financing comes from families, banks, and the government what should we expect in terms of information disclosure to the public?
- A) Relatively little because the public isn't a major factor
 - B) A great deal of disclosure because it will be the only way for interested parties to learn about the company
 - C) Complete openness of accounting records
 - D) No disclosure at all
17. In countries such as the U. S., there is great demand for public disclosure of accounting information. What is the reason for this?
- A) Corporate management isn't trustworthy.
 - B) Businesses rely heavily on financing through issuance of stock to the public.
 - C) The American populace is better able to read financial statements than people in other countries.
 - D) U.S. government officials are generally members of corporate boards of directors and can get all the information they require.
18. Historical cost is the primary basis for asset valuation under U.S. GAAP. Why is historical cost NOT as important in the accounting systems of Latin America as in the U.S.?
- A) Historical costs are too difficult to calculate in the currencies used in Central and South America.
 - B) The countries of Latin America have experienced very high rates of inflation, which would make historical costs meaningless to readers of financial statements.
 - C) There is very little foreign direct investment in the countries of Latin America, so few assets need to be accounted for.
 - D) In Latin America, asset prices are very stable, making historical costs equal to replacement costs, so it doesn't matter which valuation basis is used.
19. What group is primarily responsible for the creation of International Financial Reporting Standards (IFRS)?
- A) Financial Accounting Standards Board (FASB)
 - B) International Forum on Accountancy Development (IFAD)
 - C) International Federation of Accountants (IFA)
 - D) International Accounting Standards Board (IASB)
20. For a U.S. multinational corporation, consolidating the financial statements of foreign subsidiaries requires two steps. First, the foreign subsidiary's statements must be restated according to U.S. GAAP. The next step is to:
- A) convert the account balances into U.S. dollars.
 - B) determine the exchange rate gain or loss.
 - C) calculate the translation adjustment.
 - D) restate the income using international accounting standards.

Question [2]:**[90 Min. - 40 marks]**

On September 1, 2012, Denton Company, U.S. Company, sells parts to a foreign customer for 60,000 ZAR to be received on March 1, 2013. Denton enters into a forward contract on September 1, 2012 to sell 60,000 ZAR on March 1, 2013. The following exchange rates for 1 ZAR:

Date	Spot Rate	Forward Rate
September 1, 2012	0.90	0.92
December 31, 2012	1.00	0.90
March 1, 2013	0.95	

The present value factor for two months at an annual interest rate of 12 percent is 0.9803. Denton must close its books and prepare financial statements at December 31.

Required:

1. Assuming that Denton designates the forward contract as a **cash flow hedge** of a foreign currency receivable, prepare all journal entries for Denton Co. for these transactions in U.S. dollars. **What is the impact on 2012 and 2013 net income?**
2. Assuming that Denton designates the forward contract as a **fair value hedge** of a foreign currency receivable, prepare all journal entries for Denton Co. for these transactions in U.S. dollars.

Question [3]:**[50 Min. - 25 marks]**

U.S. Inc. owns Juarez, SA, a subsidiary in Mexico which was established January 1, 2012. Juarez's financial statements as of 12/31/2012, in pesos:

Balance Sheet
December 31, 2012
Assets

	Pesos
Cash	\$200,000
Accounts Receivable	500,000
Inventory	300,000
Plant Assets (net)	900,000
Total Assets	<u>\$1,900,000</u>
Liabilities and Stockholders' Equity	
Current Liabilities	\$320,000
Long-term debt	700,000
Common stock, \$2 par	500,000
Retained earnings	380,000
Total Liabilities and Stockholders' Equity	<u>\$1,900,000</u>

Statement of Retained Earnings

	Pesos
Retained earnings, 1/1/12	\$ 0
Net income	400,000
Dividends, 1/12/2012	20,000
Retained earnings, 31/12/12	380,000

Income Statement

	Pesos
Sales	\$1,500,000
Cost of goods sold	700,000
Gross Profit	800,000
Depreciation expense	100,000
Other operating expenses	260,000
Income before tax	440,000
Income tax	40,000
Net income	400,000

- There was no beginning inventory.
- Ending Inventory was acquired on December 1,
- Purchases were made evenly throughout year.
- Fixed assets were acquired on January 1, 2012.
- Capital stock was sold on January 1, 2012.
- Relevant exchange rates (U.S. dollar per Mexican peso):

January 1, 2012	\$0.10
Average for 2012	\$0.095
December 1, 2012	\$0.09
December 31, 2012	\$0.08

Required:

Translate the subsidiary's financial statements into U.S. dollars assuming that the **U.S. dollar is the functional currency**.

GOOD LUCK ...

In June, MAH's intensive care unit had the following operating data:
81,000 nurse-hours and 7,250 patient-days

Required:

1. Calculate the ICU's overhead costs for the month of June using
 - a. The hospital-wide rate
 - b. The ICU department-wide rate
 - c. The cost driver rates for the ICU department
2. Explain the differences and determine which overhead assignment method is more appropriate.

Question Five

(Each of the following situations is independent and non-financial factors should be considered)

- A. Terry Inc. manufactures machine parts for aircraft engines. CEO Bucky Walters is considering an offer from a subcontractor to provide 2,000 units of product OP89 for \$120,000. If Terry does not purchase these parts from the subcontractor, it must continue to produce them in-house with these costs :

	Costs per Unit
Direct materials	\$28
Direct labor	18
Variable overhead	16
Fixed overhead	4

Required: Should Terry Inc. accept the offer from the subcontractor? Why or why not?

- B. A company has an inventory of 2,000 different parts for a line of cars that has been discontinued. The net book value of inventory in the accounting records is \$50,000. The parts can be either remachined at a total additional cost of \$25,000 and then sold for \$30,000 or sold as is for \$2,500. **What should it do?**
- C. An uninsured boat costing \$90,000 was wrecked the first day it was used. It can be either sold as is for \$9,000 cash and replaced with a similar boat costing \$92,000 or rebuilt for \$75,000 and be brand new as far as operating characteristics and looks are concerned. **What should be done?**

End of the exam with my best wishes
Dr. Aly Mogahed



Answer the following questions

Question one

Explain the contemporary management techniques and how they are used in cost management to respond to the contemporary business environment?

Question Two

Explain how to use cost management tools (such as SWOT analysis, Value-Chain Analysis, Balanced scorecard, ...) to set and implement a strategy to the faculty of commerce , Kafr El-Sheikh University?

Question Three

- A. give short definition and an example to each of the cost classifications for decision making specially, relevant cost and opportunity cost.
 B. The following information pertains to Petrie Company

Prime costs	\$180,000
Conversion costs	215,000
Direct materials used	95,000
Beginning work in process	75,000
Ending work in process	65,000

Required: determine the cost of goods manufactured.

Question Four

Medical Arts Hospital (MAH) uses a hospital-wide overhead rate based on nurse-hours. The intensive care unit (ICU), which has 30 beds, applies overhead using patient-days. Its budgeted cost and operating data for the year follow:

Hospital Budget Information

Hospital total overhead	\$57,600,000
Hospital total nurse-hours	1,152,000

Budget Cost Driver Information for ICU for the Month of June

Cost Pool	Budget Cost	Cost Driver	Budget Cost Driver Activity
Facilities& equip.	\$2,400,000	Number of patient-days	7,500
Nursing care	3,000,000	Number of nurse-hours	80,000

Kafrelsheikh University

Faculty Of Commerce

Second-term exam

Wednesday 3 – 6 – 2015



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?
4. Summarize the disclosure requirements presented by the international accounting standards # 30 regarding the preparation and presentation of bank's financial statements.

Question Two: Record the following transactions in the journal of Bank of Misr :

- 1-A customer deposits L.E.4,000 cash to his checking account .
- 2-A customer transfers L.E.5,000 from his checking account to a saving account.
- 3-A customer makes a loan payment of L.E.6,000 in cash at teller window.
- 4-A customer gives cash to the teller to purchase a cashier's check for the amount of L.E.1,800.
- 5-A customer gives teller L.E.21,000 check drawn on another bank to be deposited to :
L.E.12,000 , saving account
L.E.9,000 , checking account
- 6-A customer makes a loan payment for the amount of L.E.9,500 with a check drawn on the bank (on us) at teller window.

Question Three

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 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.	<u>281,600</u>
Total	<u>733,750</u>

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

Egyptian American Bank made the following transactions during October and November, 2004.

- Oct. 1 –The bank sold L.E. 3 million of reserve funds at the central bank to another bank for one day at interest rate of 12%.
- Oct. 12 –The bank purchased (borrowed) L.E. 4 million of reserve funds for 2 days at an interest rate of 12%.
- Oct. 22 –The bank sold L.E. 2 million of securities under a 15 day repurchase agreement at an interest rate of 12%.
- Oct. 31 –The bank accrued any interest for the month of October.
- Nov. 6 –The bank repurchased the L.E. 2 million of securities sold on Oct. 22.

Required:

Prepare the journal entries for the above transactions.

Question Six

- 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 Seven

A. Briefly discuss The types of insurance products and The fundamentals of accounting system of insurance companies.

B. 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. 800,000. Issue fees L.E. 4,000, and supervision fees 3,000.
2. Reinsurance premiums accepted totaled L.e. 300,000.
3. Production commission due to agents and producers on direct premiums totaled L.E. 70,000. reinsurance on premiums ceded to Sues Canal Co. L.E. 20,000. reinsurance commission on premiums accepted from ceding companies totaled L.E. 28,000.
4. the net premiums for renewed policies during the month totaled L.E. 200,000.
5. Direct premiums collected from the new and renewed policies during the month totaled L.E. 950,000.

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

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



Date: 14/6/2015

Time: 3 hours

Note : The Exam in 2 Pages

First Question :

25 Marks

Nile company produces a single product, information available in November about production, material and labor as follow:

November production	4800 unit
Actual cost of material purchased and used	\$14550
Standard material allowed	0.5 per unit
Material quantity variance	\$ 600 U
Standard price per unit of material	\$6
Actual hours worked	9760 hours
Standard labor time per unit	2 hours
Labor rate variance	\$ 1464 F
Standard labor rate per hour	\$ 17

Required : compute the following

- 1- Standard quantity of material allowed for November production
- 2- Standard direct labor hours allowed for November production
- 3- Material price variance
- 4- Labor efficiency variance
- 5- standard cost per unit produced
- 6- Actual cost per unit produced

Second Question :

25 Marks

The manager of the department of transportation has determined that it typically takes 30 minutes for the department's employees to register a new car. The predetermined fixed overhead rate was computed on an estimated 10000 direct labor hours per month and is \$9 per direct labor hour, whereas the predetermined variable overhead rate is \$3 per direct labor hour.

During July, 18800 cars were registered and 9500 direct labor hours were worked in registering those cars. For the month, variable overhead was \$27700 and fixed overhead was \$90800.

- a- compute overhead variance using a four- variance approach.
- b- compute overhead variance using a three- variance overhead.
- c- compute overhead variance using a two- variance approach.

Third Question:

20 Marks

The following is the information production and sales for SAS company for the next two months

	Frist Month	Second Month
Projected Sales	2000 units	4000 units
Price per unit	\$ 200	\$200
Beginning inventory	200 unit	300 unit
Ending inventory	??	400

- Information about materials

	Material (A)	Material (B)
Required to produce one unit	20 KG	30 KG
Cost per KG	\$0.5	\$0.4
Beginning inventory for the first month	12500 KG	28750 KG

Other information

- Raw material ending inventory equal to 25% of the material needed in the same month.
- Direct labor hours per unit is 5 hours and labor rate is \$1.5

Required : prepare the following

- 1- sales budget
- 2- production budget
- 3- material purchases budget
- 4- Labor budget

Fourth Question:

15 Marks

Total June 2010 sales for KBMG are expected to be \$450000. Of each month's sales , 80 % is expected to be on credit. The accounts receivable balance at May 31 is \$119600, of which \$90000 represents the remainder of May credit sales. There are no receivables from months prior to April 2010. The collection pattern of credit sales is 70 % in the month of sales , 20% in the month following the sale, and 10%in the second month following the sale. KBMG has no uncollectible accounts.

- a- what were total sales for April 2010?
- b- what were credit sales for May 2010?
- c- what are projected cash collection for June 2010?
- d- what is the expected balance of accounts receivable at June 30, 2010?

Best Wishes

Dr . Ayman Sabry

The University of Kaferelsheikh

Course: Contemporary

Faculty of Commerce

Economics Problems

2nd Semester Exam(2014-2015)

Grade: 4

85 Marks

Date: 10/06/15

Time: 3 hours



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

1st Question: Fill in the gaps with the appropriate terms.

1.inflation is where the prices of goods (output) and inputs rise at the same rate. (1)
2.effect is the tendency for nominal interest rates to be high when inflation is high and vice versa. (1)
3.is a situation in which the inflation rate is extremely high. (1)
4. Less developed countries (LDCs) are those withper capita income. (1)
5. Theof output is the smooth path of long-run output once its short-term fluctuations are averaged out. (1)
6. The..... model distinguishes the consequences and the causes of a change in investment spending. The consequence is straightforward. (1)
7. Fluctuations in exportmight cause cycles. (1)
8. A(or contraction) is a period in which the economy is growing at a rate significantly below normal (output is growing more slowly than normal). (1)

9. According to law, each extra percentage point of cyclical unemployment is associated with about a 2 percentage point increase in the output gap, measured in relation to potential output. (1)
10. In athe actual (total) unemployment rate u exceeds the natural unemployment rate u^* , so cyclical unemployment is..... (2)
11. The natural rate of unemployment prevails when cyclical unemployment is..... (1)
12. In case of existing of output gap (recessionary or expansionary), policymakers try to eliminate the gap by returningoutput to potential. (1)
13.Unemployment is the long-term and chronic unemployment that exists even when the economy is producing at a normal rate. (1)
14. Theof labour is the total number of people who are willing to work at each real wage. (1)
15. All else being equal, anin the size of the working-age population raises the quantity of labour supplied at each real age, shifting the labour supply curve to the..... (2)
16. The model of the multiplier-accelerator assumes that investment depends on....., which reflect past output. (1)
17. The demand curve for labour is-sloping. The higher the wage, the fewer workers employers will hire. (1)

18.is the total number of employed and unemployed people in the economy. (1)
19.output, also called potential GDP or full-employment output, is the maximum sustainable amount of output (real GDP) that an economy can produce. (1)
20. An increase in productivity raises workers'product and- assuming no change in the price of output- theof their marginal product, shifting the labour demand curve to the right. (2)
21. The labourcurve is upward-sloping because, in general, the higher the wage, the more people are willing to work. (1)
22. The main economic cost of unemployment is thethat is lost because the labour force is not fully utilized. (1)
23.Unemployment is the short-term unemployment associated with the process of matching workers with jobs. (1)
24.are organizations those negotiate with employers on behalf of workers. (1)
25. The "quantity" is the amount of labour firms use, measured by(or we can state the quantity of labour in terms of the number of hours employed). (1)
26. Abusiness cycle arises if politicians manipulate the economy for electoral advantage. (1)