



Date: 1/1/2015

Time:3hours

Attention number of exam pages is 3 pages, the exam pages in both sides of the paper and other in separate page

First Question :

20 Marks

On January 1,2010, Mohd Corporation purchased shares for trading in of Saif Company for \$20000. During the year Saif Company earned net income of \$100000 and paid dividends 40% . at the end of the year fair value of the purchased shares is \$21300.

Instructions

- prepare the entries of Mohd Corporation(if its purchased is 15% of Saif shares) to record the purchase and any other records .
-) prepare the entries of Mohd Corporation(if its purchased is 25% of Saif shares) to record the purchase and any other records .
- compare between the investment balance in a and b.

Second Question :

25 Marks

ABC company has the following portfolio

Investment	Cost
Feb. 1, 2012 KFS Company common stock, \$100 par, 200 shares	20000
April 1 Eg. government bonds, 11%, due April 1, 2022, interest payable April 1 and October 1, 110 bonds of \$1,000 par each	120000
July 1 Tanta Company 12% bonds, par \$50,000, dated March 1, 2012,purchased at 104 plus accrued interest, interest payable annually on March 1, due March 1, 2032	54000

Instructions

(Round all computations to the nearest dollar.)

- Prepare entries necessary to classify the amounts into proper accounts, assuming that all the securities are classified as available-for-sale.
- Prepare the entry to record the accrued on December 31,2012.
- The fair values of the investments on December 31, 2012, were:

KFS Company common stock	\$ 31,800
Eg. government bonds	\$124,700
Tanta Company bonds	\$58,600

What entry or entries, if the previous securities fair value adjustment balance is 3300 (Cr), would you recommend be made?
- The Eg. government bonds were sold on July 1, 2013, for \$119,200 plus accrued interest. Give the proper entry.



Third Question :

20 Marks

Quaap Leasing Company agrees to lease machinery to Kanal Corporation on January 1, 2010. The following information relates to the lease agreement .

- 1- the term of the lease is 7 years with no renewal option , and the machinery has an estimated economic life of 9 years .
- 2- the cost of the machinery is \$525000, and the fair value of the asset on January 1, 2010, is \$ 700000.
- 3- at the end of the lease term , the asset reverts to the lessor. At the end of the lease term , the asset has a guaranteed residual value of \$100000. Kanal depreciates all of its equipment on straight-line basis.
- 4- the lease agreement requires equal annual rental payments , beginning on January 1, 2010.
- 5- Quaap desires a 10% rate of return on its investment , Kanal's incremental borrowing rate is 11% and it is impracticable to determine the lessor's implicit rate.
- 6- Present value of \$1 at 10% for 7 periods is 0.51316 and Present value of an annuity due at 10% for 7 periods is 5.35526.
- 7- Present value of \$1 at 11% for 7 periods is 0.48166 and Present value of an annuity due at 11% for 7 periods is 5.23054.

Instructions

(assume the accounting period ends on December 31.)

- a) Discuss the nature of this lease for both the lessee and lessor
- b) calculate the amount of the annual rental payment required .
- c) compute the present value of the minimum lease payment s.
- d) prepare the journal entries Kanal would make in 2010 and 2011 related to the lease arrangement.
- e) prepare the journal entries Quaap would make in 2010 and 2011.

Fourth Question :

10 Marks

Malaysian Company purchased equipment for \$510,000 which was estimated to have a useful life of 10 years with a salvage value of \$10,000 at the end of that time. Depreciation has been recorded for 6 years on a straight-line basis. In 2010 (year 7), it is determined that the total estimated life should be 15 years with a salvage value of \$5,000 at the end of that time.

Required:

- a) What is the journal entry to correct prior years' depreciation expense?
- b) Calculate depreciation expense for 2010.



Fifth Question

10 Marks

In 2012 the bookkeeper for Sico Company discovered an error:

In 2011 the company record \$30000 of depreciation expense on a newly equipment. This equipment is the only depreciable asset Sico owns. the true expense is \$20000. Sico income statement for 2011 with and without the error is as follow:

		Without error		With error
Income before depreciation expense		100000		100000
Depreciation expense		20000		30000
Income before income tax		80000		70000
Current income tax	20000		20000	
Deferred income tax	<u>12000</u>	32000	<u>8000</u>	28000
Income after income tax		48000		42000

Show the entries that Sico should have made and did make for recording depreciation expense and income taxes.

Best Wishes

Dr. Ayman Sabry

PART I: Answer the following questions:

1. Data from a completely randomized design are shown in the following table.

Treatment Level		
I	II	III
27	26	27
26	22	29
23	21	27
24	23	26

Use a one-way ANOVA to analyze this data set [$f(.05,2,9)=4.26$]

2. A population of daily sales in thousands Egyptian pounds at a large shopping center is 8, 10, 12, 9, and 11.
- Calculate and interpret μ , and σ .
 - Set $n=2$ and develop a sampling distribution of the sample mean.
 - Calculate and interpret the variance of the sample mean? How does it relate to the variance of the population?
 - Calculate and interpret the mean of the means? How does it compare with μ ?

PART II: Circle the correct answer:

1. According to the central limit theorem, if a sample of size 100 is drawn from a population with a mean of 80, the mean of all sample means would equal.
- a) 0.80 b) 8 c) 80 d) 100
2. According to the central limit theorem, if a sample of size 81 is drawn from a population with a standard deviation of 72, the standard deviation of the distribution of the sample means would equal.
- a) 8 b) 9 c) 7.2 d) 0.875
3. A researcher wants to estimate the population proportion with a 95% level of confidence. He estimates from previous studies that the population proportion is no more than .30. The researcher wants the estimate to have an error of no more than .03. The necessary sample size is at least.
- a) 27 b) 188 c) 211 d) 897

4. Director of Marketing Research, is evaluating consumer acceptance of a new toothpaste package. She randomly selects a sample of 200 households. Forty households prefer the new package to all other package designs. The 90% confidence interval ($z=1.645$) for the population proportion is
- a) 0.199 to 0.201 b) 0.153 to 0.247
c) 0.164 to 0.236 d) 0.145 to 0.255
5. The z value associated with a two-sided 95% confidence interval is
- a) 1.28 b) 1.645 c) 1.96 d) 2.575
6. A random sample of 64 items is selected from a population of 400 items. The sample mean is 200. The population standard deviation is 48. From this data, a 95% confidence interval to estimate the population mean can be computed as
- a) 189.21 to 210.79 b) 188.24 to 211.76
c) 190.13 to 209.87 d) 190.94 to 209.06
7. Suppose you are testing the null hypothesis that a population mean is less than or equal to 80, against the alternative hypothesis that the population mean is greater than 80. The sample size is 49 and $\alpha = .05$. If the sample mean is 84 and the population standard deviation is 14, the observed z value is
- a) 2 b) -2 c) 14 d) -14
8. The following data is to be used to construct a regression model:

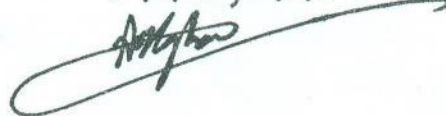
x	5	7	4	15	12	9
y	8	9	12	26	16	13

- i. The value of the slope is
- a) 2.36 b) 2.16 c) 0.68 d) 1.36
- ii. The value of the intercept is
- a) 1.36 b) 2.16 c) 0.68 d) 0.57
- iii. The regression equation is
- a) $y = 2.16 + 1.36x$ b) $y = 1.36 + 2.16x$
c) $y = 0.68 + 0.57x$ d) $y = 0.57 + 0.68x$

PART III: Write T if the statement is true and F if the statement is false (Give justification) :

1. The central limit theorem states that if the sample size, n , is large enough ($n \geq 30$), the distribution of the sample means is uniformly distributed regardless of the shape of the population.
2. Increasing the sample size causes the numerical value of standard error of the mean to increase.
3. When a statistic calculated from sample data is used to estimate a population parameter, it is called a point estimate.
4. If the population is not normal but its standard deviation, σ is known and the sample size, n is large ($n \geq 30$), z -distribution values may be used to determine interval estimates for the population mean.
5. If a null hypothesis was not rejected at the 0.10 level of significance, it will be rejected at a 0.05 level of significance based on the same sample results.
6. The rejection and non-rejection regions are divided by a point called the critical value.
7. In regression, the variable that is being predicted is usually referred to as the independent variable.
8. The difference between the actual y value and the predicted y value found using a regression equation is called the residual.
9. In simple regression analysis the error terms are assumed to be independent and normally distributed with zero mean and constant variance.
10. The proportion of variability of the dependent variable (y) accounted for or explained by the independent variable (x) is called the coefficient of correlation.

Feel free and relax.





Date: 15/01/2015

Attention the exam was in: 10 pages

Section (A) Choose the best answer for each of the following questions: (20 Marks)

1) The basic cost flow model is:

- A. $EB + TO = TI + BB$.
- B. $BB + TO - TI = EB$.
- C. $EB = BB - TI + TO$.
- D. $EB - BB = TO - TI$.

2) Cost pools are:

- A. Costs that are accumulated before being allocated to cost objects on some common basis.
- B. Costs that is relevant to decision-making but irrelevant to financial reporting.
- C. Product costs that are assigned to cost objects using direct labor or machine hours.
- D. Accounts in the product life cycle from research and development to customer service.

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

Actual manufacturing overhead costs	\$212,500
Actual direct labor hours	\$4,900
Actual direct labor costs	\$445,000
Estimated manufacturing overhead costs	\$210,000
Estimated direct labor	\$434,000
Estimated direct labor hours	56,000

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



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

4) The predetermined manufacturing overhead rate for 2012 was \$4.00 per direct labor hour; employees were paid \$5.00 per hour. If the estimated direct labor cost was \$75,000, what was the estimated manufacturing overhead?

- A. \$15,000.
- B. \$60,000.
- C. \$75,000.
- D. \$93,750.

5) Which of the following is the correct formula to compute the predetermined overhead rate?

- A. Estimated total units in the allocation base divided by estimated total manufacturing overhead costs.
- B. Estimated total manufacturing overhead costs divided by estimated total units in the allocation base.
- C. Actual total manufacturing overhead costs divided by estimated total units in the allocation base.
- D. Estimated total manufacturing overhead costs divided by actual total units in the allocation base.



1st Semester exam 2014 /2015

9) Activity-based costing (ABC) is a costing technique that uses a two stage allocation process. Which of the following statements best describes these two stages?

- The costs are assigned to activities, and then to the products based upon their use of the activities.
- The costs are assigned to departments, and then to the products based upon their use of activity resources.
- Service department costs are allocated to the production departments, and then to the products based upon their use of the activities.
- Indirect costs are assigned to activities, and then to the products based upon the direct cost resources used by the activities.

10) The following information pertains to the Duggan Corporation:

Beginning finished goods	\$ 80,000	Ending finished goods	\$ 67,000
Gross margin	\$230,000	Sales revenue	\$500,000

What is the cost of goods manufactured?

- \$ 230,000
- \$257,000
- \$283,000
- \$355,000

11) The following information pertains to the Cannady Corporation:

Beginning WIP inventory	\$50,000	Ending WIP inventory	\$48,000
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Cost of goods manufactured \$1,220,000

What are the total manufacturing costs incurred?

- \$1,218,000
- \$1,235,000
- \$1,318,000
- \$1,222,000

12) The following information pertains to Lewisburn Corporation:

Beginning WIP inventory	\$20,000	Ending WIP inventory	\$23,000
Beginning finished goods	\$ 36,000	Ending finished goods	\$ 34,000
Cost of goods manufactured	\$ 246,000		

What is the cost of goods sold?

4



1st Semester exam 2014 /2015

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

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

7) When 10,000 units are produced, variable costs are \$6 per unit. Therefore, when 20,000 units are produced:

- variable costs will total \$120,000
- variable costs will total \$60,000
- variable unit costs will increase to \$12 per unit
- variable unit costs will decrease to \$3 per unit

8) Brandeis Corporation has two production Departments: P1 and P2 and two service departments: S1 and S2. Direct costs for each department and the proportion of service costs used by the various departments for the month of July are as follows:

Department	Direct costs	Proportion of Services Used by:		
		S1	P1	P2
S1	\$60,000		0.70	0.20
S2	\$100,000	0.20	0.30	0.50
P1	\$160,000			
P2	\$140,000			

Under the direct-method of cost allocation, the amount of S1 costs allocated to P1 would be:

- \$20,000.
- \$6,000.
- \$30,000.
- \$62,500.

3



- a. \$ 244,000
- b. \$248,000
- c. \$243,000
- d. \$249,000

13) The following information pertains to Lewisburn Corporation:

Beginning direct material inventory \$14,000 Ending direct material inventory \$28,000
Purchases \$96,000 Purchases returns and allowances \$5,000

What is the direct material used?

- a. \$82,000
- b. \$77,000
- c. \$87,000
- d. \$115,000

14) The following information pertains to Gallup Corporation:

Beginning direct material inventory \$50,000 Purchases \$480,000
Conversion costs \$900,000 Total manufacturing costs added during the period \$ 1,080,000

What is the Ending direct material inventory?

- a. \$710,000
- b. \$550,000
- c. \$180,000
- d. \$350,000

15) XYZ Company manufactures a single product. The product's prime costs consist of

- A. Direct material and direct labor.
- B. Direct material and factory overhead.
- C. Direct labor and factory overhead.
- D. Direct material, direct labor and factory overhead.



16) Inventoriable costs:

- A. Include only the prime costs of manufacturing a product.
- B. Include only the conversion costs of providing a service.
- C. Exclude fixed manufacturing costs.
- D. Are regarded as assets until the units are sold.

17) The difference between variable costs and fixed costs is:

- A. Unit variable costs fluctuate and unit fixed costs remain constant.
- B. Unit variable costs are fixed over the relevant range and unit fixed costs are variable.

C. Total variable costs are constant over the relevant range, while fixed costs change in the long-term.

D. Total variable costs are variable over the relevant range but fixed in the long-term, while fixed costs never change.

18) An opportunity cost is

- A. A cost that is charged against revenue in an accounting period.
- B. The foregone benefit from the best alternative course of action.
- C. The excess of operating revenues over operating costs.
- D. The cost assigned to the products sold during the period.



19) A _____ is any end to which a cost is assigned.

- A. cost object
- B. cost pool
- C. cost allocation
- D. opportunity cost

20) A cost allocation rule is the method or process used to assign the costs in the _____ to the _____.

- A. cost allocation; cost pool
- B. cost pool; opportunity cost
- C. cost object; cost pool
- D. cost pool; cost object

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

- 1) In general, indirect costs are *allocated*, while direct costs are *assigned*.
- 2) Beginning Balance (BB) plus Transfers Out (TO) equals Ending Balance (EB) plus Transfers In (TI)".
- 3) The predetermined overhead rate is calculated by dividing the prior period's overhead cost by the prior period's allocation base (i.e., activity level).
- 4) Predetermined overhead rates are used in first-stage cost allocations but not in second-stage cost allocations.
- 5) Total cost of goods purchased minus beginning merchandise inventory plus ending merchandise inventory equals cost of goods sold.
- 6) Period costs are those costs assigned to units of production in the period in which they are incurred.
- 7) If a company has three cost pools, it should have three different cost allocation bases.
- 8) The step method allocates some, but not all, service department costs to other service departments.
- 9) The single-stage cost allocation system uses a plantwide rate because the cost pool is the



entire plant.

- 10) The department cost allocation method provides more accurate product cost information for managerial decision-making than the plantwide cost allocation method.
- 11) Activity-based costing (ABC) is a two-stage cost allocation system that (1) allocates costs to activities and (2) then to products based on their use of the activities.
- 12) Total cost of goods purchased minus beginning merchandise inventory plus ending merchandise inventory equals cost of goods sold.
- 13) Period costs are those costs assigned to units of production in the period in which they are incurred.
- 14) Absorption costing is a method of inventory costing in which all variable manufacturing costs (direct and indirect) are included as inventoriable costs and all fixed manufacturing costs are excluded.
- 15) Fixed costs per unit change inversely with changes in the volume of activity.
- 16) Variable marketing and administrative costs are included in determining full absorption costs.
- 17) The cost of an item is the sacrifice of resources made to acquire it.
- 18) An expense is an expired cost matched with revenues in a specific accounting period.
- 19) The three categories of product costs are direct materials, direct labor, and manufacturing overhead.
- 20) Cost of goods sold plus the ending finished goods inventory minus the beginning finished goods inventory equals the cost of goods manufactured.

Section (C) : solve the following problems (45 Marks)

- 1) Computer Information Services is a computer software consulting company. Its three major functional areas are computer programming, information systems consulting, and software training. Carol Birch, a pricing analyst in the Accounting Department, has been asked to develop total costs for the functional areas. These costs will be used as a guide in pricing a new contract. In computing these costs, Birch is considering three different methods of allocating overhead costs-the direct method, the step method, and the reciprocal method. Birch assembled the following data on overhead from its two service departments, the Information Systems Department and the Facilities Department.



Service Departments

	User Departments			Total
	Info Systems	Facilities	Computer Program	
Budgeted Overhead	\$50,000	\$25,000	\$75,000	\$150,000
Info Systems (hrs)	400		1,100	600
Facilities (Sq ft)	200,000		400,000	600,000
				800,000
				2,000,000

An information system is allocated on the basis of hours of computer usage; facilities are allocated on the basis of floor space.

Required: (15 Marks)

Allocate the service department costs to the user departments using the step method. Allocate Information Systems first and round to the nearest dollar. Provide total user department costs.

2) Acme Enterprises has identified the following overhead costs and cost drivers for the coming year:

Overhead Item	Cost Driver	Budgeted	
		Budgeted Cost	Activity Level
Quality	Number of inspections	\$125,000	2,500
Engineering	Engineering hours	100,000	2,500
Machine setup	Setup hours	90,000	400
Material handling	Number of material moves	85,000	1,000

Budgeted direct labor cost was \$200,000 and budgeted direct material cost was \$300,000. The following information was collected on three jobs that were completed during the month:

	Job A	Job B	Job C
Direct materials	\$5,000	\$2,800	\$8,000
Direct labor	\$4,000	\$4,000	\$8,000
Units completed	200	100	300
Number of inspections	20	10	20
Number of material moves	60	20	80
Engineering hours	10	50	10
Number of setups	13	25	18

Required: (15 Marks)

a. If the company uses traditional costing and allocates overhead using direct labor cost, how much overhead cost should be assigned to Job A, B, and C?



b. If the company uses activity-based costing (ABC), how much overhead cost should be assigned to Job A, B, and C?

3) Stanford Corporation has provided the following data for the month of February:

Sales	\$280,000
Raw materials purchases	\$76,000
Direct labor cost	\$42,000
Manufacturing overhead	\$77,000
Selling expense	\$20,000
Administrative expense	\$35,000

Inventories:	Beginning	Ending
Raw materials	\$22,000	\$33,000
Work in process ..	\$15,000	\$23,000
Finished goods ...	\$52,000	\$43,000

Required: (15 Marks)

a. Prepare a Schedule of Cost of Goods Manufactured in good form for February.
b. Prepare an Income Statement in good form for February.

Good Luck

Dr. Bassam Baroma



Date:12/1/2015

Time: 3hours

The exam in Four pages and these are in on both sides of the paper.

First Question:

Please indicate which of these sentences are True and which are False:

25 Marks

1. The return that fully compensates for the risk of an investment is called the risk-free rate of return.
2. Lower risk investments are associated with higher expected rates of return.
3. A portfolio that offers the lowest risk for a given level of return is known as an efficient portfolio.
4. Negatively correlated assets reduce risk more than positively correlated assets.
5. A stock's beta value is a measure of a systematic risk.
6. The beta of the market is zero.
7. The financial manager places primary emphasis on cash flows, the inflow and outflow of cash.
8. Financing decisions deal with the left-hand side of the firm's balance sheet and involve the most appropriate mix of current and fixed assets.
9. The likelihood that managers may place personal goals ahead of corporate goals is called the agency problem.
10. Time-value of money is based on the belief that a dollar that will be received at some future date is worth more than a dollar today.
11. The greater the interest rate and the longer the period of time, the higher the present value.
12. Everything else being equal, the higher the interest rate, the higher the future value.
13. Everything else being equal, the longer the period of time, the lower the present value.
14. An annuity due is an amount that occurs at the beginning of each period.
15. For the risk-seeking manager, no change in return would be required for an increase in risk.
16. For the risk-indifferent manager, no change in return would be required for an increase in risk.



- 17.The coefficient of variation is a measure of relative dispersion that is useful in comparing the risks of assets with different expected returns.
- 18.Combining negatively correlated assets can reduce the overall variability of returns.
- 19.A portfolio of two negatively correlated assets has less risk than either of the individual assets.
- 20.Total security risk is the sum of a security's nondiversifiable and diversifiable risk.
- 21.Beta coefficient is an index of the degree of movement of an asset's return in response to a change in the risk-free asset.
- 22.Capital budgeting is the process of evaluating and selecting short-term investments consistent with the firm's goal of owner wealth maximization.
- 23.Independent projects are projects that compete with one another for the firm's resources, so that the acceptance of one eliminates the others from further consideration.
- 24.The accept-reject approach involves the ranking of capital expenditure projects on the basis of some predetermined measure such as the rate of return.
25. The payback period is the amount of time required for the firm to dispose of a replaced asset.
26. Net present value is considered a sophisticated capital budgeting technique since it gives explicit consideration to the time value of money.
- 27.The IRR is the discount rate that equates the NPV of an investment opportunity with \$0.

Second Question:

15 Marks

An investment will generate \$ 1.75 million per year over the next 20 years

Assuming $r = 8\%$, the initial cost for this investment is 18 million.

- a) What is the PV of the investment, if the first cash flow is received immediately?
- b) What is the PV of the investment, if the cash flows are received at the end of each period?
- c) By using NPV which scenario is better a or b?



Third Question:

15 Marks

Assume that R_f is currently 9% and r_m is 13%:

- Calculate the market risk premium.
- Given the previous data, calculate the required return on Asset A having a beta of .8 and Asset B having a beta of 1.3.
- Draw the security market line on a set of "non diversifiable risk (x-axis) – required return (y-axis)" axes.

Fourth Question:

15 Marks

The following is the probability distribution of return for two projects A and B :

Probability	Project (A)	Project (B)
.30	15%	20%
.40	9%	5%
.30	18%	12%

- Calculate the expected rate of return.
- Calculate the total Risk for the two projects.
- Which project is selected based on Risk – Return tradeoff?



Fifth Question:

15 Marks

Merna Company is considering two mutually exclusive projects. The firm has estimated its cash flows as shown in the following table:

	Project (A)	Project (B)
Initial investment	£60.000	£100.000
Cash inflows (1-5years)	£20.000	£31.000
Cost of capital	13%	13%

- Calculate the payback period for each project and assess its acceptability.
- Calculate the NPV for each project and assess its acceptability.
- Calculate the IRR for each project and assess its acceptability.
- What is recommendations would you make relative to implementation of each project?

Best Wishes

Dr. Elsayed Sobhy



Date: 20/1/2015

Please be attention the exam was in 4 pages

Time:3hours

First Question

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

20 Marks

- 1- General purpose external financial reports for state and local government entities must include
 - a. Government-wide financial statements
 - b. Management's discussion and analysis.
 - c. Fund financial statements.
 - d. Note disclosures.
 - e. All of the above should be included in general purpose external financial reports.
- 2- The General Capital Assets nonfund account would be used to account for
 - a. all capital assets acquired by a government entity regardless of the fund purchasing the asset.
 - b. capital assets acquired with governmental fund resources that will be used in governmental fund activities.
 - c. capital assets acquired with debt proceeds only.
 - d. capital assets that are used by a variety of governmental and proprietary funds.
 - e. capital assets that are solely *revenue producing* in nature.
- 3- Assume that the city of KFS purchased a truck for \$40,000 cash for the use of general government departments, the city would most likely account for the transaction in
 - a. the General Fund and General Long-Term Liabilities account.
 - b. the Enterprise Fund.
 - c. the General Fund.
 - d. the General Fund, the General Capital Assets account
 - e. the Enterprise Fund and the Capital Projects Fund.
4. . Fund – used to account for the accumulation of resources for, and the payment of, *general long-term debt* principal and interest is
 - a.General Fund.
 - b.Debt Service Fund.
 - c.Permanent Fund.
 - d.Capital Projects Fund.
 - e.Special Revenue Fund.
5. Which of the following funds is reported as *governmental* fund ?
 - a. Capital Projects Fund
 - b. Permanent Fund
 - c. Pension Trust Fund
 - d. Pension Trust Funds
 - e. Investment Trust Funds
6. Which of the following would *not* be classified as an *expenditure*?
 - a. Salaries and wages
 - b. Departmental supplies
 - c. Depreciation
 - d. Capital outlay
 - e. Debt service – principal and interest
7. Government-wide financial statements include
 - a. a statement of net assets.
 - b. a statement of activities.

- c. a statement of cash flows.
- d. All of the above.
- e. Items a and b only.

8. Basic financial statements include

- a. management's discussion and analysis.
- b. government-wide financial statements.
- c. fund financial statements.
- d. All of the above.
- e. Items b and c only.

9. Which of the following is not a fund category used by state and local governments?

- a. Fiduciary funds
- b. Current funds
- c. Governmental funds
- d. Proprietary funds
- e. Liability funds

10. Which of the following is an official fund category used by state and local governments?

- a. Current funds
- b. Expendable funds
- c. Governmental funds
- d. General capital asset funds
- e. Current funds

11. Which of the following is not considered a governmental fund?

- a. General Fund
- b. Debt Service Fund
- c. Permanent Fund
- d. Internal Service Fund
- e. Proprietary funds

12. Which of the following is considered a proprietary fund?

- a. General Fund
- b. Special Revenue Fund
- c. Permanent Fund
- d. Internal Service Fund
- e. Current funds

13. A computer was purchased from unrestricted resources for a general government department. The government paid cash for the computer at the purchase date. Which of the following is not an effect of this transaction in the governmental Fund?

- a. Current assets decrease.
- b. Capital assets increase.
- c. Current liabilities do not change.
- d. Fund balance decreases.
- e. Long-term liabilities increase

14. Which of the following is the basic proprietary fund accounting equation

- a. $\text{Assets} - \text{Liabilities} = \text{Net Assets}$.
- b. $\text{Current Assets} - \text{Current Liabilities} = \text{Fund Balance}$.
- c. $\text{Financial Assets} - \text{Related Liabilities} = \text{Fund Balance}$.
- d. $\text{General Capital Assets} - \text{General Long-Term Liabilities} = \text{Net Assets}$.
- e. None of the above.

15. The General Fund

- a. is used to account for all financial resources that are not restricted to specific purposes or otherwise required to be accounted for in another fund.
- b. is used by all governments that report governmental fund activities.

- c. is established at inception of a government and exists throughout its life.
 - d. All of the above.
 - e. None of the above.
16. The accounting equation for a special revenue fund is:
- a. Financial Assets – Related Liabilities = Fund Balance
 - b. General Capital Assets – General Long-Term Liabilities = Net Assets
 - c. the same as accounting equation for the general fund.
 - d. Both a and c
 - e. Both b and d.
17. Each of the following transactions would *decrease* fund balance in the governmental Fund *except*
- a. the purchase of capital assets.
 - b. the principal repayment of long-term debt.
 - c. depreciation.
 - d. salaries and wages.
 - e. All of the above would decrease fund balance in the General Fund.
18. A new computer, which had been estimated to cost \$28,000, was received. The actual cost of the computer was \$29,400. To record this in the *special revenue fund*,
- a. the general capital assets account should be debited for \$28,000.
 - b. expenditures should be debited for \$28,000.
 - c. expenditures should be debited for \$29,400.
 - d. none of the above.
 - e. Expenses should be debited for \$29,400.
19. The city's central garage, which is accounted for as an Internal Service Fund, repairs and maintains all of the city's vehicles. The fire department is accounted for in the General Fund. The Central Garage Internal Service Fund sends a bill to the fire department for \$18,000, which represents the cost of maintaining fire trucks for the month. The Central Garage should record:
- a. a debit to Due from General Fund for \$18,000.
 - b. a credit to Due to General Fund for \$18,000.
 - c. an expenditure for \$18,000.
 - d. a revenue for \$18,000.
 - e. Both a and d.
20. Accounts receivables are determined to be uncollectible. The following account should be debited:
- a. Bad Debt Expense.
 - b. Revenue.
 - c. Allowance for Uncollectible Accounts Receivable.
 - d. Accounts Receivable.
 - e. None of the above.

Second Question :

10 Marks

Record each of the following transactions on (1) the cash basis, (2) the modified accrual basis and (3) the accrual basis.

- March 1 billed customers \$6000 for services rendered
- 3 purchased \$1000 of supplies on account
 - 5 purchased a truck costing \$30,000 on account
 - 11 collected \$ 2,000 from customers on account
 - 15 recorded accrued wages to date, \$3000.
 - 17 paid for supplies.
 - 21 paid wages
- April 3 paid for the truck
- 5 \$ 200 supplies have been used
 - 6 depreciation on the truck for the month was \$ 500

Third Question :

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

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

Fourth Question :

30 Marks

Prepare the general journal entries required for the following transactions of the Farmer County General Fund during 2006 Also, use transaction analysis to show any effects on the GCA-GLTL accounts.

1. Levied property taxes, \$9,000,000 (with uncollectible taxes estimated at \$50,000.
- 2- Taxes collected before the due date totaled \$7,500,000 of current \$320,000 of 2005 and other prior year taxes.
- 3- Issued a nine-month, 10% note to Jones National Bank on September 30, 2006 to raise \$300,000 to provide for a temporary cash shortfall in the General Fund.
- 4- Loaned \$90,000 from resources available for general purposes to the bell-insurance Internal Service Fund. Repayment is required in four years.
- 5- Paid salaries of \$5,800,000 during 2006. Accrued salaries at the end of the year totaled \$100,000, while at the beginning of the year they were \$75,000.
6. Received \$5,000 from the Economic Development Special Revenue Fund because General Fund resources had been used to pay a bill of the Economic Development Fund earlier in the year. General Fund expenditures were recorded when the bill was paid.
7. General fund cash of \$6,000 was paid to a new Enterprise fund to provide capital for the Enterprise fund.
8. Supplies were purchased from the stores internal service fund for the following functions: general governmental \$4,000. public safety \$ 6,000; highways and streets . \$10,000. health \$7,000 and others. \$3,000.
9. A governmental unit's management decided to sell to developers, for \$8,000, a section of beach property of the city's general capital assets. The city carrying value for the property was \$2,000.
10. A new computer purchased for the accounting department for \$6,000 was destroyed by a flash flood, the city received \$5,700 from the city's insurer to cover the cost of replacing the computer.

Best Wishes**Dr. Ayman Sabry**