



Financial Statement Analysis
Final Examination
January, 2020
Time Allowed: Two Hours
Total Marks: 85

Question 1 (45 Minutes, 40 Marks)

Answer each of the following multiple-choice questions by selecting the best answer:

1. The comparison of a company's financial condition and performance to a base amount is known as:
A. Financial reporting.
B. Horizontal ratios.
C. Investment analysis.
D. Risk analysis.
E. Vertical analysis.
2. Horizontal analysis:
A. Is a method used to evaluate changes in financial data across time.
B. Is also called vertical analysis.
C. Is the presentation of financial ratios.
D. Is a tool used to evaluate financial statement items relative to industry statistics.
E. Evaluates financial data across industries.
3. The ability to provide financial rewards sufficient to attract and retain financing is called:
A. Liquidity and efficiency.
B. Solvency.
C. Profitability.
D. Market prospects.
E. Creditworthiness.
4. Three of the most common tools of financial analysis are:
A. Financial reporting, ratio analysis, vertical analysis.
B. Ratio analysis, horizontal analysis, financial reporting.
C. Horizontal analysis, vertical analysis, ratio analysis.
D. Trend analysis, financial reporting, ratio analysis.
E. Vertical analysis, political analysis, horizontal analysis.
5. The comparison of a company's financial condition and performance across time is known as:
A. Horizontal analysis.
B. Vertical analysis.
C. Political analysis.
D. Financial reporting.
E. Investment analysis.

6. Current assets minus current liabilities is:
- A. Profit margin.
 - B. Financial leverage.
 - C. Current ratio.
 - D. Working capital.
 - E. Quick assets.
7. Current assets divided by current liabilities is the:
- A. Current ratio.
 - B. Quick ratio.
 - C. Debt ratio.
 - D. Liquidity ratio.
 - E. Solvency ratio.
8. Quick assets divided by current liabilities is the:
- A. Acid-test ratio.
 - B. Current ratio.
 - C. Working capital ratio.
 - D. Current liability turnover ratio.
 - E. Quick asset turnover ratio.
9. Net sales divided by average accounts receivable, net is the:
- A. Days' sales uncollected.
 - B. Average accounts receivable ratio.
 - C. Current ratio.
 - D. Profit margin.
 - E. Accounts receivable turnover ratio.
9. Dividing accounts receivable, net by net sales and multiplying the result by 365 is the:
- A. Profit margin.
 - B. Days' sales uncollected.
 - C. Accounts receivable turnover ratio.
 - D. Average accounts receivable ratio.
 - E. Current ratio.
10. Net sales divided by average total assets is the:
- A. Profit margin.
 - B. Total asset turnover.
 - C. Current ratio.
 - D. Sales return ratio.
 - E. Return on total assets
11. Net income divided by net sales is the:
- A. Return on total assets.
 - B. Profit margin.
 - C. Current ratio.
 - D. Total asset turnover.
 - E. Days' sales in inventory.

12. Net income divided by average total assets is:
- A. Profit margin.
 - B. Total asset turnover.
 - C. Return on total assets.
 - D. Days' income in assets.
 - E. Current ratio.
13. Annual cash dividends per share divided by market price per share is the:
- A. Price-earnings ratio.
 - B. Price-dividends ratio.
 - C. Profit margin.
 - D. Dividend yield ratio.
 - E. Earnings per share.
14. The average number of times a company's inventory is sold during an accounting period, calculated by dividing cost of goods sold by the average inventory balance, is the:
- A. Accounts receivable turnover.
 - B. Inventory turnover.
 - C. Days' sales uncollected.
 - D. Current ratio.
 - E. Price earnings ratio.
15. A component of operating efficiency and profitability, calculated by expressing net income as a percent of net sales, is the:
- A. Acid-test ratio.
 - B. Merchandise turnover.
 - C. Price earnings ratio.
 - D. Accounts receivable turnover.
 - E. Profit margin ratio.
16. A company had a market price of \$37.50 per share, earnings per share of \$1.25, and dividends per share of \$0.40. Its price-earnings ratio equals:
- A. 3.1.
 - B. 30.0.
 - C. 93.8.
 - D. 32.0.
 - E. 3.3.
17. A company reports basic earnings per share of \$3.50, cash dividends per share of \$0.75, and a market price per share of \$64.75. The company's dividend yield equals:
- A. 1.16%.
 - B. 2.14%.
 - C. 4.67%.
 - D. 5.41%.
 - E. 18.50%.

18. Selected current year company information follows:

Net income	\$ 15,953
Net sales	712,855
Total liabilities, beginning-year	83,932
Total liabilities, end-of-year	103,201
Total stockholders' equity, beginning-year	198,935
Total stockholders' equity, end-of-year	121,851

The total asset turnover is:

- A. 2.24 times
- B. 2.81 times
- C. 3.64 times
- D. 4.67 times
- E. 6.28 times

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The return on total assets is:

- A. 2.24%
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- D. 4.67%
- E. 6.28%

20. Refer to the following selected financial information from Fennie's, LLC. Compute the company's current ratio for Year 2.

	Year 2	Year 1
Cash	\$37,500	\$32,250
Short-term investments	90,000	60,000
Accounts receivable, net	85,500	79,500
Merchandise inventory	121,000	125,000
Prepaid expenses	12,100	9,700
Plant assets	388,000	338,000
Accounts payable	113,400	107,800
Net sales	711,000	676,000
Cost of goods sold	390,000	375,000

- A. 2.26.
- B. 1.98.
- C. 2.95.
- D. 3.05.
- E. 1.88.



Question One: (20 minutes, 20 degrees)

Complete the following statements. Use a table of two columns, the first for the statement **number** and the second for the **completion**.

- 1- Costs that are incurred before the split-off point in a production process are referred to as
- 2- Two incidental products of a joint process are and
- 3- Sales revenue at split-off less disposal costs equals.....
- 4- Joint costs are Costs once the split-off point is reached.
- 5- Joint costs, reduced by the value of by-products and scrap, are assigned to only.
- 6- According to Indirect method, NRV reduces for joint products.
- 7- According to Direct method, NRV reduces for joint products.
- 8- All manufacturing costs other than direct materials are referred to as.....
- 9- Costs of normal shrinkage and normal continuous losses in a process costing environment are handled by the method of.....
- 10- A loss that occurs at a specific point in a production process is referred to as a..... loss.

Question Two: (40 minutes, 25 degrees)

El-Shahd Company is currently undertaking contract No. 555 at a contract price \$ 3,000,000. The contract started on 1/1/2018 and expected to be finished on 1/2/2020.

Balances	1/1/2019	31/12/2019
- Materials on site	130,000	45,000
- Written down value of plant on site	380,000	665,000
- Cost of work not certified	120,000	100,000
- Wages & salaries prepaid (accrued)	25,000	(15,000)
- Profit not yet claimed	160,000	???

Transactions during the year 2019:

- Materials delivered to site \$ 350,000
- Spoiled material (60% normal) {Cost \$20,000; Market value \$10,000}
- Wages & salaries paid \$ 170,000
- Unused materials sold {Cost \$ 16,000; Market value \$ 11,000}
- Payment for sub-contractor \$ 76,500
- Contratee's architector fees \$ 65,000

Kafr-Elsheikh University	Advanced Financial Accounting	January 2020
Faculty of Commerce	Fourth Academic Year	Time: 2 Hours
English Section	Final Exam	Dr. Mohamed Srour

Answer the following questions:

Question (1): [35 min.-25 marks]

Denton Corporation saw the potential for vertical integration and purchases 10% shares in Future Corp. on January 1, 2015, for \$300,000. At that date, Future's stockholders' equity included \$400,000 of \$10 par value common stock, \$300,000 of additional paid in capital, and \$750,000 retained earnings. The companies began to work together and realized improved sales by both parties. On October 31, 2016, Denton paid \$500,000 for an additional 20% interest in Future Corp. Both of Denton's investments were made when Future's book values equaled their fair values. Future's net income and dividends for 2015 and 2016 were as follows:

	<u>2015</u>	<u>2016</u>
Net income	\$400,000	\$600,000
Dividends (declared November, 30)	\$100,000	\$120,000

Required:

1. Prepare journal entries for Denton Corporation to account for its investment in Future Corporation for 2015 and 2016.
2. Calculate the balance of Denton's investment in Future at December 31, 2016.

Question (2): [35 min.-25 marks]

The home office of Tanta Co. ships Merchandise to its branch at a billed price that includes a mark up 25% on home office cost. On Jan. 5, 2019, the home office Co. sent a merchandise to its branch, at billed price \$500,000, The inventory ledger account of branch under the perpetual inventory system, showed at Jan. 1, 2019, debited balance \$120,000; and Jan. 31, 2019 debit balance \$100,000, (all amount are home office billed prices).

Required:

- (a) Recording the inventories transference from H.O to Branch
- (b) Prepare working paper
- (c) prepare Adjusting entry for the Allowance for overvaluation of inventory
- (d) prepare Closing entry for the Realized gross profit on sales in branch
- (e) Prepare the Allowance for overvaluation of inventory Account

Question (3):

[50 min.-35marks]

On January 1, 2018, ABC Corporation agreed to pay \$400,000 cash and issue 10,000 shares of no-par, no-stated-value common stock (\$30 current fair value a share) for 100% shares of Irving Company's \$10 par common stock. Also on that date, Woody paid the following out-of-pocket costs for the business combination:

Legal Fees	\$40,000
Costs associated with SEC registration statement	90,000
Finder's Fees	30,000
Total out-of-pocket costs for the business combination	<u>160,000</u>

Separate balance sheets of constituent companies on January 1, 2017, prior to the business combination, were as following:

ABC Corporation and Irving Company
Separate Balance Sheet (Prior to business combination)
January 1, 2018

	ABC Corporation	Irving Company
Assets		
Cash	\$500,000	\$150,000
Trade accounts receivable	400,000	300,000
Inventories	500,000	400,000
Plant Assets (net)	900,000	650,000
Total Assets	<u>\$2,300,000</u>	<u>1,500,000</u>
Liabilities and Stockholders' Equity		
Current Liabilities	\$450,000	\$300,000
Long-term debt	900,000	400,000
Common stock, no par or stated value	700,000	
Common stock, \$5 par		100,000
Additional paid in capital		420,000
Retained earnings	250,000	300,000
Total Liabilities and Stockholders' Equity	<u>\$2,300,000</u>	<u>1,500,000</u>

Current fair values of Irving's identifiable net assets were the same as their carrying amounts, except for the following:

	Current Fair Values
Inventories	350,000
Plant Assets (economic life 10 years)	800,000
Long term debt (4 years)	420,000

Required:

- Prepare journal entries for ABC Corporation on January 1, 2018, to record the business combination with Irving Company.
- Prepare working paper for consolidated balance sheet for ABC Corporation and subsidiary on **January 1, 2018**, and related working paper elimination (in journal entry format.)
- Prepare working paper elimination (in journal entry format.) on **December 31, 2018**. Assume that the equity accounts on December 31, 2018 did not change from January 1, 2018.

GOOD LUCK AND BEST WISHES FOR ALL... :)

Kafr El-Sheikh University Faculty of Commerce

Tax Accounting

English section

Grade Four: Final Exam

4-1-2020

Time allowed Two hours

Answer the following questions

Question One: (45 Marks)

1. Compare between the juridical persons and natural persons with regard to the income tax.
2. Give some examples of juridical persons subject to income tax and those exempted from income tax and the reasons behind that.
3. Explain the Impact of errors or mistakes in Beginning Inventory, Ending Inventory, Purchases and Purchase Returns, Sales and Sales Returns, and Transactions with Related Persons on the tax base and how to correct such errors.
4. State some goods and services subject to Value added tax only and some others subject to the table tax only, and others subject to both, and others exempted with justification.
5. How does tax law # 91 compute the depreciation of fixed assets.

Question Two: (40 Marks)

A Limited Liability Partnership consists of partner Emad (who is a general partner) and Abdu who is a limited liability partner). They share profits and losses equally. The company began its activity in 01/01/2016. The net profit extracted from the income statement was 220,000 pounds - which was prepared by the company - for the year ended 31/12/ 2016. And when examining the books and records of the company, shows the following:

1. The ending inventory did not include goods purchased in the amount of 75,000 pounds because they have not yet reached and is still on the way, and inventory include sold merchandise to a customer did not delivered to him in amounted 35,000 pounds.
2. The profit and loss account is debited with the following amounts:
 - 65,000 pounds truck depreciation expense owned by the company and depreciated at a rate 35% annually. And a new machine

depreciated at a rate of 10% annually with cost of 500,000 pounds.

- 120,000 pounds salaries of employees of the company (monthly salaries 15,000 pounds).
 - 75,000 pounds salary for partner Emad for management.
 - 22,000 pounds interest on partners capital.
 - 40,000 pounds advertising campaign period of 3 years from 1.1.2016.
 - 40,000 pounds Provision for bad debts.
 - 35,000 pounds rent property used as the headquarters of the company (monthly rent 2,700 pounds).
3. Donations is charged for the profit and loss account by 36,000 pounds included:
- 16,000 pounds donations to KFS University,
 - 15,000 pounds donations for Al Wafaa charity (subject to supervision of government).
 - and the rest donations to some poor people.
4. Miscellaneous income included:
- 1,500 pounds for discount.
 - 1,800 pounds profit achieved by the company as a result of dealing in securities listed in the Egyptian stock market.

Required: Determine taxable net profit for the year 2016.

End of the exam with my best wishes &

Kafrelsheikh University

Course Title: Accounting Information Systems

Faculty: Commerce

Department: Accounting

Program: English Section-4th Grade

Semester: 1/ 2019-2020

Date: 14/01/2020



Instructor: Dr. Salah A. Hammad

Exam: Final

Time allowed: 2 hours

Instructions to Students:

- The exam paper is (2) pages long.
- The exam consists of (4) questions.
- The maximum score is 85 marks.

Question (1): Multiple Choice Questions

(40 Marks)

(Shade relative squares in the answer sheet)

- The basic document created in the billing process is call a _____.
A) bill of lading B) sales invoice C) sales order D) packing list
- The activities involved in soliciting and processing customer orders within the revenue cycle are known as the _____.
A) sales order entry process. B) shipping order process. C) revenue process. D) marketing process.
- Separating the shipping and billing functions is designed to reduce the threat of _____.
A) failure to bill customers. B) billing customers for wrong quantities.
C) billing customers before merchandise has been shipped. D) shipping the wrong merchandise.
- What is the correct sequence of the phases in the systems development life cycle?
A) conceptual design, physical design, system analysis, implementation and conversion, and operations and maintenance
B) operations and maintenance, conceptual design, system analysis, physical design, implementation and conversion
C) system analysis, conceptual design, physical design, implementation and conversion, and operations and maintenance
D) system analysis, physical design, conceptual design, and operations and maintenance, implementation and conversion
- The _____ step of the systems development life cycle (SDLC) identifies and evaluates design alternatives and to develop design specifications.
A) conceptual design. B) implementation and conversion. C) physical design. D) systems analysis.
- Refer to the diagram below, where the numbers next to the arrows refer to the number of days required for completion of the corresponding activity. What is the critical path?



- A) A-B-D-F B) A-C-E-F C) A-B-D-E-F D) A-C-B-D-F E) A-C-B-D-E-F

- Refer to the table below, which shows the results of payback, net present value, and internal rate of return analysis of four projects. Which is preferred by the payback criterion?

	A	B	C	D
Payback	3	5	8	5
NPV	\$67.95	\$200.96	\$256.78	\$669.85
IRR	12.59%	11.81%	10.93%	11.81%

- A) Project A B) Project B C) Project C D) Project D

- 8- Which of the following aspect of a feasibility study is concerned with human resources?
A) technical feasibility B) legal feasibility C) scheduling feasibility D) operational feasibility
- 9- _____ is a form of resistance when users continue to use a manual process instead of adopting a new information system.
A) Acceptance B) Aggression C) Avoidance D) Aggravation
- 10- Dysfunctional employee behavior in response to implementation of a new computerized information system is likely to be the result of
A) poor human resource policies. B) lack of communication and training.
C) weak system controls. D) inadequate compensation policies.

Question (2): **(20 Marks)**

Prepare flowcharting segments for the following operations.
(Please draw these segments in your brochure answer)

Case (1) - When employees are hired, they complete a new-employee form. When a change to an employee's payroll status occurs, such as a raise or a change in the number of exemptions, the human resources department completes an employee change form. A copy of these forms sent to payroll. These forms used to create or update the records in the employee/payroll file and are then stored in the file. Employee records are stored alphabetically.

Case (2) - Manually sorting and filing invoices numerically.

Question (3): Fill – in – the – blank **(15 Marks)**

- 1- An ----- is a system that collects, records, stores, and processes data to produce information for decision makers.
- 2- ----- is processed data used in decision making.
- 3- ----- the quality of information that assures that information is reasonably free from error and bias and faithfully represents what it purports to represent.
- 4- ----- flowcharts illustrate the flow of documents through an organization, useful for analyzing internal control procedures.
- 5- ----- feasibility provides answer for the following question; will system benefits justify the time, money, and resources required to implement it?

Question (4): Essay Question **(10 Marks)**

- Discuss the key issues and steps in systems analysis?

With my best wishes
Dr. Salah A. Hammad