First Question:
A- Illustrate the efficient allocation pollution by using graphical presentation
B- Illustrate the production possibility frontier characteristics by using graphical tools

Second Question:
(A) For each item, determine whether the statement is basically true or false.
1- Businesses supply goods and services to households.
2- Allocating a relatively greater amount of our scarce resources to the production of consumption goods will give us a greater amount of economic growth in the future.
3- Unemployment is shown as a point outside the production possibilities curve.
4- Households demand resources.
5- Because resources are perfectly adaptable to alternative uses, we have increasing opportunity cost.
6- Investment goods are synonymous with capital products.
7- Opportunity cost and cost are synonyms.
8- Specialization and trade based on comparative advantage increase our production possibilities
9- Scarcity implies choice, which in turn implies opportunity cost.
10- Economic growth is shown as a leftward (inward) shift of the production possibilities curve.

(B) Complete the following space by one word only:
Consumption goods satisfy our wants ................. and in the ................... Investment goods satisfy our wants ................. and in the ................... . It may be tempting to choose many want- satisfying products now, but they will come at the expense of a ................... rate of economic growth. So in making a choice between consumption goods and investment goods, an ................... is involved.
The opportunity cost of more investment goods is ................... consumption goods, and vice versa, for as we produce more and more of one type of product we will have to give up proportionately ................... amounts of other products. That is to say, the opportunity cost of producing more and more of one type of product ................... .
This is because resources are ................... adaptable to alternative uses. Because of increasing opportunity costs, the production possibilities curve bows ................... from the origin.

(C) Translate to Arabic
The term resources is very broad. Some resources are the product of nature: land, wildlife, minerals, timber, energy, even the rain and the wind. At any given time, the resources available to a society also include those things that have been produced by previous generations, such as building and equipment. things that are produced and then used to produce other valuable goods or services later on are called capital resources, or simply Capital. Buildings, Machinery, equipment, tables, roads, bridges, and knowledge - are also an important part of a nation's resources.

G. I. Hassan
Question three :-
(A) Suppose a generation ten years and we are concerned with two generations only Demand and supply functions for oil in the present generation are given by
\[ P = 280 - 0.2Q \]
\[ P = 40 + 0.3Q \]
1- Determine the equilibrium price and Quantity at the current time period.
2- Determine the marginal net benefit.
3- By equations calculate the dynamic equilibrium at two periods if the quantity equal 600 unit and discount rate 15% \((15)^{10} = 4\).
4- By using the kind of welfare analysis present that we can achieve optimal allocation by the graphical approach.
5- By user cost define the optimal allocation.
6- By user cost at equilibrium determine the new equilibrium price and Quantity at both current and future periods.

fourth Question :-
(A) Suppose you have the following demand function about of oil in the ground in total \( P = 120 - 2y \) where \( P \) is the price and \( y \) is the quantity. suppose that the constant marginal cost of extraction is $4 per barrel, and that the rate of discount is \( r = 20\% \). what allocation of output over two periods \((y_0, y_1)\) will yield the greatest net benefit from the oil?
- determine the optimal \( y_0, y_1 \) and \( p_0, p_1 \) and \( \lambda_0, \lambda_1 \) in perfect competition.
- determine the optimal \( y_0, y_1 \) and \( p_0, p_1 \) in pure monopoly
- comment apout to results.
(B) Two firms can control emissions at the following marginal costs:
\[ MC_1 = 2Q_1 \]
\[ MC_2 = 3Q_2 \]
where \( Q_1, Q_2 \) are respectively the amount of emissions reduced by the first and second firms.
Assume that with no control at all, each firm would be emitting 60 units of emissions or a total of 120 units for both firm.
1-Compute the cost-effective allocation of control responsibility if a total reduction of 80 units emissions is necessary.
2-Compute the cost-effective allocation of control responsibility if ambient standard is 100 ppm, and the transfer coefficients that translate a unit of an emissions into a ppm concentration at the receptor are respectively \( a_1 = 2.0 \) and \( a_2 = 2.0 \)

Good luck.....
Dr. Gamal I.Hassan

\[ GI.Hassan \]
Answer the following questions:

**Question One:**

**(A)** The following is a list of national income figures for a given year (amount in millions of dollars):

- Gross National product (GNP) $1,692
- Transfer Payments $232
- Indirect Business taxes $163
- Personal taxes $193
- Capital Consumption Allowance $180
- Undistributed corporate profits $18
- Social Security Contributions $123
- Corporate Income Taxes $65

Compute the following:

a) Net National Product (NNP)

b) Personal Income (PI)

c) National Income (NI)

d) Disposable Income

**(B)** Explain fully why, in the calculation of GNP, the sale of final goods is included while the sale of intermediate goods is excluded.

**Question Two:**

**(A)** What is the relationship between the consumption function, the saving function, and the “income function” or 45 line? Explain using a diagram

**(B)** By how much must investment rise to bring about 150 million dollars change in income if MPC= 0.8?

**(C)** Give a short analysis of the anatomy of the business cycles.
Question Three:

(A) What is the effect of an increase in government spending where no changes take place and the deficit is financed by borrowing?
(B) Describe the circumstances leading to the existence of a demand-pull inflation. How does this differ from the so called cost-push theory of inflation?
(C) Suppose that government decides to increase its expenditure by 150 billion dollars. What effect will this have on NNP if MPC= 0.75?
(D) What are the different types of unemployment?

Good Luck.
Main concepts in the study of Law Exam

Answer 3 questions only:
1- Clarify the main characteristics of Law rules.
2- Omission can form a crime. give examples.
3- When can the president promulgate laws?
4- What is meant by domicile? How many domiciles a person can have?
5- Rights can be divided into pecuniary and non-pecuniary explain.

Complete: answer 5 questions only.
1- Crimes requires two elements ................
2- Repentance is not a defense because ............
3- Ignorance of Law is not a defense because ............
4- The civil Law is a branch of ....... And governs the relations between ............
5- The Law is approved by the parliament if ............
6- The Law can be promulgated even if opposed by the president if ............
7- Juristic acts can be divided into ............
8- Promulgation of Law passes through three processes ............
Answer the following questions

Question One: .................................................................(40 grades: 10x4)

Choose correct answer from the following alternatives, and then re-write the chosen letter in capital character to your booklet in the same order.

1. When national and local governments become big corporations for profits, citizens become...
   (a) Clients
   (b) Consumers
   (c) Either (a) or (b)

2. ...............enables workers to exploit managers authorities without carrying their responsibilities.
   (a) Empower
   (b) Delegation
   (c) either (a) or (b)

3. In classical public associations, the organization charts take the.................form reflecting .......Work process.
   (a) Mechanistic, Formal
   (b) Organic, Informal
   (c) Organic, Formal

4. ..............refers to the connection between an employees’ performance and their appropriate pay rate.
   (a) Valance
   (b) Expectancy
   (c) Instrumentality

5. ..............equity refers to "the job’s pay rate fairness, when compared to other jobs within the same Company.
   (a) individual
   (b) internal
   (c) either (a) or (b)

6. ..............level responsibility refers to "taking part in solving problems may occur in surrounded business environment"
   (a) Individual.
   (b) Organization
   (c) Neither (a) nor (b).

7. Administrators in “Adhocracy” cultures play the role of........
   (a) facilitator
   (b) ṭcoordinate
   (c) innovator

8. ..............has been considered as the managing ethics methods.
   (a) Determining well defined rules for directing work procedures.
   (b) Diagnosing an accurate yet fair reward system.
   (c) Both (a) nor (b).

9. The “Unity of command” principle is expressing the managerial concept of....... 
   (a) line authority
   (b) supervision span
   (c) Both (a) and (b)

10. ..............theories focus mainly on the workshop level in private industries, however ...............theories focus on the employees in public associations.
    (a) Scientific management, bureaucracy.
    (b) general administration, bureaucracy
    (c) Scientific management, general administration

See next page please:.................................................................
Question Two: ...........................................................................................................(30 grades: 10x3)

Indicate whether each of the following statements is true (T) or false (F), then re-write the chosen letter (T or F) to your booklet in the same order.

1) When managers do things right, leaders do right things.
2) Transformational leaders use charismatic authority to influence their subordinates.
3) “Rituals” are “repetitive sequences of activities taking the form of habits”.
4) In a bureaucracy, people should occupy positions because of their performance, not because of their social standing.
5) In Clan culture, administrators control a stable work process to cope with external forces.
6) Increase in the number of crises led to paying attention to ethics in organizations.
7) In motivation process cycle, motive appears before needs.
8) Division of Work reduces job waste through simplification of a job.
9) Managers who push subordinates to change but don’t change themselves are transactional.
10) Max Weber in his theory of bureaucracy asserts the hierarchical structure advantage.

Question Three: ...........................................................................................................(30 grades: 10x3)

Match the following PA terminologies in group A with their counterparts in group B (you just need to write- the suitable number form group B in front of group A terminology).

**Group A**

1. Scientific job analysis refers to...
2. Social and work rules and regulations constitute.....
3. “Career officials” means....
4. Public administration is.....
5. Dominant culture
6. Business ethics are.....
7. Leadership is.......
8. organizational cultures
9. Discipline means......
10. Markets in classical PA are....

**Group B.**

1. All processes, organizations and individuals associated with carrying out laws, rules and regulations issued or adapted by government.
2. The core values shared by a majority of the organization’s members.
3. Factors affecting ethics in public associations.
4. Basic rules regulating behavior of organization members behavior that should be respected and committed
5. promotion based on seniority and merit; designated by supervisors
6. innovative, customer, team, competitive orientations
7. respect for the rules that govern the organization
8. Observation, data gathering, and careful measures to determine “the one best way” to perform a job.
9. Monopoly and stable
10. The ability to motivate people to achieve a goal of outcome.
11. competitive and volatile

End of the questions...

Good Luck,........

Tarek M. Ali
Answer the following questions:-

Question One:

(A) The following is a list of national income figures for a given year (amount in millions of dollars):

- Gross National product (GNP) $846.0
- Transfer Payments $116.0
- Indirect Business taxes $81.0
- Personal taxes $96.5
- Capital Consumption Allowance $90.0
- Undistributed corporate profits $9.0
- Social Security Contributions $61.0
- Corporate Income Taxes $32.5

Compute the following:

a) Net National Product (NNP)  
c) National Income (NI)  
b) Personal Income (PI)  
d) Disposable Income

(B) Explain fully why, in the calculation of GNP, the sale of final goods is included while the sale of intermediate goods is excluded.

Question Two:

(A) What is the relationship between the consumption function, the saving function, and the “income function” or 45 line? Explain using a diagram

(B) Prove that the sum of the average propensity to save and the average propensity to consume is always equal to one.

(C) By how much must investment rise to bring about 150 million dollars change in income if MPC= 0.8?
Question Three:

(A) Suppose that government decides to increase its expenditure by 10 billion dollars. What effect will this have on NNP if the marginal propensity to consume (MPC) = 0.75?

(B) How can taxes be used to achieve the economic goals of full employment, price stability and economic growth?

Question Four:

(A) Give a short analysis of the anatomy of the business cycles.

(B) 1-The theory which attributes inflation to excessive wage demands by unions or price demands by large producers is called the ............
   2-The theory which attributes inflation to excessive aggregate demand is called the ............
   3-Give an explanation of both theories.

(C) What are the different types of unemployment?

Good Luck
Question One:

Choose the most appropriate answer for each of the following questions:

1- The basic function of financial accounting is to:
   (a) Record all business transactions   (b) Interpret the financial data
   (c) Assist management in performing functions effectively  (d) None of above

2- Accounting information is of importance to:
   (a) Internal users only               (b) External users only
   (c) Both internal and external users  (d) None of the above

3- All of the following users can be external users of Accounting information Except:
   (a) Lenders                         (b) Management
   (c) Creditors                       (d) The government

4- Accounting is intended to:
   (a) Keep systematic records         (b) Protect entity’s properties
   (c) Facilitate decision making process (d) All of the above

5- Which of the following types of business owners do not take an active role in the daily management of the business?
   (a) General partners.               (b) Sole proprietors.
   (c) Sole trader.                    (d) Limited partner.

6- Which of the following forms of business organisations are normally treated as a going concern from an accounting viewpoint?
   (a) A sole proprietorship.          (b) A partnership.
   (c) A corporation.                  (d) All of the above are treated as going concerns.

7- The Accounting Equation can take any of the following forms:
   (a) Assets = Liabilities + Owner’s Equity
   (b) Assets – Liabilities = Owner’s Equity
   (c) Assets – Owner’s Equity = Liability (d) All of the above

8- Business transactions can be classified into a number of categories:
(a) Transactions related to persons (personal accounts)
(b) Transactions related to properties and assets (real accounts)
(c) Transactions related to revenues and expenses (nominal accounts)
(d) All of the above

9- With respect to real accounts, the debit and credit rule is:
   (a) Debit the receiver and credit and giver
   (b) Credit what comes in and debit what goes out
   (c) Debit what comes in and credit what goes out  (d) None of the above

10- With respect to nominal accounts, the debit and credit rule is:
   (a) Debit the receiver and credit and giver
   (b) Debit all expenses and losses and credit all revenues and gains
   (c) Debit what comes in and credit what goes out  (d) None of the above

11- The cash discount allowed to debtors should be credited to:
   (a) Discount Account  (b) Debtors Account
   (c) Sales Account  (d) None of the above

12- If the Enterprise purchased furniture for use in cash, this amount should be debited to:
   (a) Cash Account  (b) Furniture Account
   (c) Purchase Account  (d) None of the above

13- All of the following are correct except:
   (a) Increase in assets and expenses are recorded by debits
   (b) Decreases in assets and expenses are recorded by credits
   (c) Increase in liabilities and revenues are recorded by credits
   (d) Decrease in liabilities and revenues are recorded by credits

14- In case of a debt becoming bad, the amount should be credited to:
   (a) Debtor Account  (b) Bad Debts Account
   (c) Sales Account  (d) None of the above

15- When purchasing goods, the purchase account is debited, but there is one case in which the purchase account is credited:
   (a) Purchasing fixed assets  (b) Purchasing on credit
   (c) Withdrawing goods at cost for personal use  (d) None of the above
16- If the owner of a business entity sold his private car for 30,000 and bought a new one with the proceeds for business activities plus 100,000 from the company's cash, the following entries will appear in the books Except:

(a) Debit cars 130,000  
(b) Credit Capital 30,000  
(c) Credit cash 100,000  
(d) Debit Capital 30,000

17- If the opening balances of a business entity are Cash on Hand 160,000; Cash at Bank 400,000; Loan 200,000; Stock of Goods 400,000; Creditors 100,000; Furniture 40,000; Buildings 200,000; Debtors 100,000. The amount of opening capital will be:

(a) 1,600,000  
(b) 1,300,000  
(c) 1,000,000  
(d) Some other amount

18- In case some goods are given as free samples, the following entries will appear in the books:

(a) Credit sales  
(b) Debit advertisement  
(c) Credit Purchases  
(d) Both (b) and (c)

19- If the amount of deposits in a bank account is 200,000 and the withdrawals are 210,000. The balance of the bank is:

(a) 10,000 Debit  
(b) 210,000 Credit  
(c) 10,000 Credit (bank over draft)  
(d) Some other amount

20- All of the following are considered assets Except:

(a) Prepaid rent  
(b) Prepaid salaries  
(c) Owing (outstanding) rent  
(d) Cash at bank

Question Two

Listed below are twelve technical accounting terminologies:

<table>
<thead>
<tr>
<th>Financial Reporting</th>
<th>Business Entity Concept</th>
<th>Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realization Principle</td>
<td>Balance Sheet</td>
<td>Dual Aspect Concept</td>
</tr>
<tr>
<td>Journal</td>
<td>Posting</td>
<td>Income Statement</td>
</tr>
<tr>
<td>Balancing</td>
<td>Net Income</td>
<td>Assets</td>
</tr>
</tbody>
</table>

Each of the following ten statements describes one of these technical terms. For each statement, indicate the accounting term described.

1- A snapshot of the financial status of an organization at a point in time

2- A chronological record of transactions, showing for each transaction the debits and credits to be entered in specific ledger accounts.
3- The process of supplying and distributing financial information to outsiders.

4- An increase in owner's equity resulting from profitable operations.

5- Revenues are recorded when services are rendered to customers or when goods sold are delivered to customers.

6- Business is treated as a separate entity or unit apart from its owner and others.

7- Are economic resources that are expected to benefit future activities of the organization.

8- A loose-leaf book, file or other record containing all the separate accounts of a business.

9- Each transaction has two aspects, that is, the receiving benefit by one party and the giving benefit by the other.

10- The process of transferring information from the journal to individual accounts in the ledger.

**Question Three:**

*State whether each of the following statements is true or false and comment on the false statements:*

1. The only business events that are entered in the accounting records are those that can be expressed in monetary terms.

2. In Egypt, like most countries, there are two main forms of business organisation. They are sole proprietorship and partnership.

3. On a daily basis, corporations are run by their stockholders.

4. According to the dual aspect concept, every business transaction has a single effect.

5. According to the conservative convention, the inventory is valued at cost or market price whichever is less.

6. Solvency means the inability of the enterprise to pay its debts when they come due.

7. According to the double entry system, every business transaction has two sides one is debit and one is credit and they are equal in amount.
8. For personal accounts, the rule of debit and credit is: debit the giver and credit the receiver.

9. In the USA, the Accounting Principles Board (APB) was established in 1956 as a committee of the American Institute of Certified Public Accountants (AICPA).

10. In April (1971) the AICPA in its response to the criticism of financial reporting and the need for a conceptual framework, announced the establishment of one study group.


12. The Egyptian Exchange (EGX) is one of the oldest in the world and the first to be established in the Middle East.

13. Cairo Stock Exchange was established in 1883, followed by Alexandria Stock Exchange in 1903.

14. The Central Auditing Organisation (CAO) is responsible for the audit of government departments and agencies, public sector enterprises and private companies in which state ownership exceeds 50%.

15. The Big-4 international accounting firms are Deloitte & Touche, Arthur Andersen, Ernst & Young and KPMG.

16. Both the bank and cash accounts could have a credit balance.

17. In 2001, the International Accounting Standards Board (IASB) was renamed the International Accounting Standards Committee (IASC).


19. In practice, the Permanent Committee for Accounting and Auditing Standards has the main responsibility for drafting accounting and auditing standards.

20. Currently, there are 30 Egyptian Accounting Standards (EAS) that were prepared on the basis of the International Financial Reporting Standards (IFRS).

Best Wishes
Dr. Ahmed Hassan Ahmed
Answer the following questions:

**Question One (40 marks):**

The following is the Schedule of balances as on December 31\(^{st}\), 2011, extracted from the books of Sheri Khafagy, who carries on business under the name of Elhoria Enterprise:

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Dr. L.E.</th>
<th>Cr. L.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>26,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>860,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td></td>
<td>430,000</td>
</tr>
<tr>
<td>Stock as on 1/1/2011</td>
<td>620,000</td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>214,000</td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>160,000</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>Accumulated Depreciation: Buildings</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Motor Car</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Dep. Expense: Buildings</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Provision for Bad Debts</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>1,400,000</td>
<td>26,000</td>
</tr>
<tr>
<td>Purchases Returns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Returns</td>
<td>42,000</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>2,300,000</td>
</tr>
<tr>
<td>Salaries</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Outstanding salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent for godown (storage).</td>
<td>60,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Outstanding rent</td>
<td>33,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Interest on loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes and Rates</td>
<td>21,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Outstanding interest on loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount allowed</td>
<td>24,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Discount received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freight on Purchases</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Carriage Outwards</td>
<td>20,000</td>
<td></td>
</tr>
</tbody>
</table>
Adjusting Information:
1- Depreciation: (a) Furniture and Fixtures at 10% - one steel table purchased during the year for L.E.14,000 was sold for same price but the sale proceeds were wrongly credited to sales account; (b) Office Equipment at 15% - Purchase of a Computers during the year for L.E.40,000 has been wrongly debited to purchases; and (C) Motor Car at 20%.
2- Value of stock at the close of year was L.E.440,000.
3- Provision for Bad Debts is to be maintained at 5% of Sundry Debtors.
4- Insurance Premium includes L.E.40,000 paid towards owner’s Life Insurance Policy and the balance of the insurance charges cover the period from 1/1/2011 to 31/3/2012.

Required:
Prepare Trading and Profit & Loss Account for the year ended December 31st, 2011 and the Balance Sheet as at that date.

Question Two (30 marks):
Modern Office sells facsimile machines, copiers, and other types of office equipment. On May 10, the firm purchased for the first time a new plain-paper fax manufactured by Xerox Company. Transactions relating to this product during May and June were as follows:
- May 10 Purchased five P-500 facsimile machines on account from Xerox Co., at a cost of L.E.560 each. Payment due in 30 days.
- May 23 Sold four P-500 facsimile machines on account to Elhoda Stockbrokers; sales price, L.E.900 per machine. Payment due in 30 days.
- May 24 Purchased an additional seven P-500 facsimile machines on account from Xerox. Cost, L.E.560 per machine; payment due in 30 days.
- June 9 Paid L.E.2,800 cash to Xerox Co. for the facsimile machines purchased on May 10.
- June 19 Sold two P-500 facsimile machines to MOHM for cash. Sales price, L.E.950 per machine.

A.A. Rawi
- June 22 Collected L.E.3,600 from Elhoda Stockbrokers in full settlement of the credit sale on May 23.

**Required:**
1- Record the above transactions according to perpetual inventory system.
2- Prepare the inventory card.

**Question Three (30 marks)**
From the following information, a three-column cash book is to be written up and balanced off.

**Mar 1** Balances brought forward: Cash L.E.2,300; Bank L.E.47,560.
**Mar 2** The following paid their accounts by check, in each case deducting 5% cash discounts; Accounts: Ahmed L.E.1,400; Tamer L.E.2,200; Hani L.E.3,000.
**Mar 4** Paid rent by check L.E.1,200.
**Mar 6** Cairo Bank lent us L.E.10,000 paying by check.
**Mar 8** We paid the following accounts by check in each case deducting a 2.5 percent cash discount; Badry L.E.3,600; George L.E.4,800; Rami L.E.8,000.
**Mar 10** Paid motor expenses in cash L.E.440.
**Mar 12** Hani pays his account of L.E.770 by check L.E.740, deducting L.E.30 cash discount.
**Mar 15** Paid wages in cash L.E.1,600.
**Mar 18** The following paid their accounts by check, in each case deducting 5 percent cash discount: Accounts: Wasil L.E.2,600; Wilson L.E.3,400; Wahbi L.E.4,600.
**Mar 21** Cash withdrawn from the bank L.E.3,500 for business use.
**Mar 24** Cash drawings L.E.1,200.
**Mar 25** Paid Basma her account of L.E.1,400, by cash L.E.1,330, having deducted L.E.70 cash discount.
**Mar 29** Purchased fixtures paying by check L.E.6,500.
**Mar 31** Received commission by check L.E.880.

**Best Wishes**

**ALI ABDELKARIM RAWY**

**A. A. Rawy**
Answer the Following Questions

First Question :
Illustrate the production possibility frontier characteristics by using graphical tools.

Second Question :-
(A) For each item, determine whether the statement is basically true or false.
1- The PPF is a straight line when there are no opportunity costs.
2- Opportunity costs are always measured by the value of the next best alternative.
3- Unemployment is shown as a point outside the production possibilities curve.
4- Increases in our capital stock contribute to economic growth.
5- Economic growth is shown as a leftward shift of the PPF.
6- Because resources are perfectly adaptable to alternative uses, we have increasing opportunity cost.
7- Investment goods are synonymous with capital products.
8- Businesses supply goods and services to households.
9- An opportunity cost is the highest preferred alternative taken.
10- Opportunity cost and cost are synonyms.

(B) What is meaning of the following definitions
1- Emission charges
2- Emission standards
3- The marginal net benefit
4- The elasticity of expectations
5- The marginal profit

(C) Translate to Arabic
The efficient allocation of a stock pollutants must take into account the fact that the pollutant accumulates in the environment over time and that the damage caused by its presence increases and persists as the pollutant accumulates. By their very nature, stock pollutants create an interdependency between the present and the future, since the damage imposed in the future depends on current actions.
Question three :

(A) Suppose a generation ten years and we are concerned with two generations only.
Demand and supply functions for oil in the present generation are given by
\[ P = 180 - 0.2Q \]
\[ P = 30 + 0.3Q \]
1- Determine the equilibrium price and Quantity at the current time period.
2- Determine the marginal net benefit.
3- By equations calculate the dynamic equilibrium at two periods if the quantity equal
   450 unit and discount rate 7.5% \((7.5)^{10} = 2\).
4- By using the kind of welfare analysis present that we can achieve optimal allocation
   by the graphical approach.
5- By user cost define the optimal allocation.
6- By user cost at equilibrium determine the new equilibrium price and Quantity at both current and future periods.

fourth Question :

(A) Suppose you have the following demand function about of oil in the ground in
   total \( P = 40 - 2y \) where \( P \) is the price and \( y \) is the quantity. Suppose that the
   constant marginal cost of extraction is $2 per barrel, and that the rate of discount
   is \( r = \%20 \). What allocation of output over two periods \((y_0, y_1)\) will yield the
   greatest net benefit from the oil?
   - In pure competition market case.
   - In pure monopolistic market case.

(B) Two firms can control emissions at the following marginal costs:
   \( Mc_1 = $200 \) \( Q_1 \), \( Mc_2 = $100 \) \( Q_2 \), where \( Q_1, Q_2 \) are respectively the amount
   of emissions reduced by the first and second firms.
   Assume that with no control at all, each firm would be emitting 30 units of
   emissions or a total of 60 units for both firms.
   1- Compute the cost-effective allocation of control responsibility if a total
      reduction of 36 units emissions is necessary.
   2- Compute the cost-effective allocation of control responsibility if ambient
      standard is 48 ppm, and the transfer coefficients that translate a unit of an
      emissions into a ppm concentration at the receptor are respectively
      \( a_1 = 2.0 \) and \( a_2 = 1.0 \).
   3- Assume that the control authority wanted to reach its objective in (1) by using an
      emission charge system.
      - What per-unit charge should be imposed?
      - Calculate the authority revenue from this system.

Good luck.....
Dr. Gamal I. Hassan

[Signature]
1. Explain the main merits of Law rules.

2. Illustrate the difference between pecuniary rights and non-pecuniary rights.

3. Tell how contracts are formed.

4. How can the right of possession be acquired?

5. Obligations are divided into 3 mention them, giving examples.

6. State the main functions of constitutional Law.

7. In what way is a person responsible for the acts of another?

Answer 4 Questions only.
(A) Suppose the following data are available for an economy (amount in millions of dollars):

<table>
<thead>
<tr>
<th>Compensation of employees</th>
<th>1284</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes</td>
<td>232</td>
</tr>
<tr>
<td>Capital consumption allowances</td>
<td>190</td>
</tr>
<tr>
<td>Income other than compensation of employees</td>
<td>418</td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>202</td>
</tr>
<tr>
<td>Net investment</td>
<td>304</td>
</tr>
</tbody>
</table>

Further, it is known that there are no corporations, and all income is paid directly to persons: there are no transfer payments, there is a balanced budget, and government expenditure is exclusively on the provision of services to the economy.

Calculate each of the following:
- a) Net National Product (NNP)
- b) Personal Income
- c) National Income (NI)
- d) Disposable Income
- e) Gross National Product (GNP)
- f) Government Sector Gross Output
- g) Private Sector Gross Output
- h) Consumption Expenditure
- i) Gross Investment

(B) What are some reasons why the correlation between real GNP and social welfare is weak?
Question Two:

(A) What is the relationship between the consumption function, the saving function, and the “income function”?

(B) Explain the essence of the leakages-injection approach in the determination of the equilibrium levels of output.

(C) By how much must investment rise to bring about a $600M change in income if MPC = 0.75?

Question Three:

(A) How can expansionary budget deficit cause a worsening of the balance of payments?

(B) How can taxes be used to achieve the economic goals of full employment, price stability and economic growth?

(C) Suppose the government seeks to achieve a balanced budget by levying taxes of $ billion. How will this affect NNP if MPC = 0.75?

Question Four:

(A) Explain briefly the “acceleration principle”.

(B) Describe the circumstances leading to the existence of a demand-pull inflation, how does this differ from the so called cost-push theory of inflation?

(C) It is observed that attempts by the Central Bank to combat inflation have caused output to decline and the rate of unemployment to increase. Can you give a possible explanation of this trade-off between inflation and unemployment?

Good Luck
Question One: Choose the right answer from (a) and (b) in each of the following (30 marks)

1. The presidents define the legal rights and obligations of agencies and those of individuals and groups in which public administrators act.
   a) true  b) false

2. Public administrators' involvement in the public policy cycle makes politics far less salient in the public sector than in private enterprise.
   a) true  b) false

3. According to the NPM public administration should focus on achieving results rather than primarily on conforming to procedures.
   a) true  b) false

4. In bureaucratic organizations people should occupy positions because of their social standing.
   a) true  b) false

5. Most bureaucratic public organizations involve the expectation of life-long tenure, in the absence of disturbing factors which may lead to decrease the size of the organization.
   a) true  b) false

6. The traditional managerial approach favors a budgeting system that focuses on the production of services and regulatory enforcement and results rather than inputs.
   a) true  b) false

7. The length of service of politically appointed top government managers is relatively short, while the private managers have a longer tenure both in the same position and the same enterprise.
   a) true  b) false

8. One of the features of the bureaucratic structure is the stress on personalization of relationships.
   a) true  b) false

9. Effective government organizations insist on customer satisfaction which means focusing on citizens in the community.
   a) true  b) false

10. One of the most effective environmental factors in public organizations is that there are less fragmented external forces of formal influences than that in private organizations.
    a) true  b) false

11. The traditional managerial approach to public administration promotes decentralization and a flatter organizational structure.
12. The less market exposure of private organizations results in less incentive cost reduction, operating efficiency, effective performance.
   a) true  b) false

13. Less market exposure in public organizations comparing to private organizations results in higher allocational efficiency.
   a) true  b) false

14. Total Quality Management has especially important impacts on the personnel system in public organizations with respect to performance appraisal and compensation.
   a) true  b) false

15. In public organizations employees have lower work satisfaction and commitment.
   a) true  b) false

**Question Two: (30 marks)**
1. Compare between the view of individual and structure in the traditional and new public management. (10 marks)

2. Use the following factors to distinguish government management from private business management: (20 marks)
   a) Role of press and media,
   b) Equity and efficiency

**Question Three: Write short notes in each of the following (not more than one page): (40 marks)**
1. The functions of general public managers in managing external constituencies. (10 marks)

2. The functions of informal organizations in formal organizations. (15 marks)

3. The Federal Quality Institute’s approach to TQM. (15 marks)

**End of questions**

With my best wishes Dr. Alaa Tag Eldin Mohamed
Answer four only of the following questions:

(Q).1: Translate into Arabic language: (25.M)

The function of courts – national or international – is to apply the law not to make it, and thus, court decision do not create law.

The judge in rendering his decision does not legislate or make a new law, but simply applies the principles of law created before his judgment.

A decision has a binding force only in the case in which it is rendered, but it has no authority in another case either before the same court or before another court.

(Q).2: Write down all that you know about the administrative law? (25.M)

(Q).3: Give short details about the sources of the internal law? (25.M)

(Q).4: What are the differences between the international law and the internal law? (25.M)

(Q).5: Explain how the legislation can be promulgated in Egypt? (25.M)

Good luck
Answer the following questions:

Question One (40 marks):
The Accountant of the Best Agency extracted the following Trial Balance as on December 31st, 2010:

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Dr. L.E.</th>
<th>Cr. L.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td>Drawings</td>
<td>180,000</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Motor Van</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Loan at 12% interest</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>Interest paid on above</td>
<td>9,000</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>750,000</td>
<td></td>
</tr>
<tr>
<td>Stock as at 1/1/2010</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Establishment Expenses</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Freight Inwards</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Freight Outwards</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Commission received</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>281,000</td>
<td></td>
</tr>
<tr>
<td>Bank Balance</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td>2,325,000</td>
<td>2,325,000</td>
</tr>
</tbody>
</table>

Required:
Prepare the Trading and Profit and Loss Account for the year ended December 31st, 2010 and the Balance Sheet as at that date after carrying out the following:

1- Depreciation is to be provided on the assets as follows:
   Buildings 2.5% p.a.
   Furniture & Fittings 10% p.a.
   Motor Van 25% p.a.

2- Balance of interest due on the loan is also to be determined, noting that interest on loan was paid for the quarter ending September 30th, 2010 and there was no further payment of interest.
Question Two (30 marks):
Modern Office sells facsimile machines, copiers, and other types of office equipment. On May 10, the firm purchased for the first time a new plain-paper fax manufactured by Xerox Company. Transactions relating to this product during May and June were as follows:
- May 10 Purchased five P-500 facsimile machines on account from Xerox Co., at a cost of L.E.560 each. Payment due in 30 days.
- May 23 Sold four P-500 facsimile machines on account to Elhoda Stockbrokers; sales price, L.E.900 per machine. Payment due in 30 days.
- May 24 Purchased an additional seven P-500 facsimile machines on account from Xerox. Cost, L.E.560 per machine; payment due in 30 days.
- June 9 Paid L.E.2,800 cash to Xerox Co. for the facsimile machines purchased on May 10.
- June 19 Sold two P-500 facsimile machines to MOHM for cash. Sales price, L.E.950 per machine.
- June 22 Collected L.E.3,600 from Elhoda Stockbrokers in full settlement of the credit sale on May 23.

Required:
1- Record the above transactions according to perpetual inventory system.
2- Prepare the inventory card.

Question Three (30 marks):
The following information appears in the books of Happiness Firm during May 2006.
May 1 Balances brought down from April:
- May 2 Kamil paid by cheque, having deducted 2.5% cash discount.
- May 8 Paid Lokman his account by cheque, deducting 5% cash discount.
- May 11 Withdrawn L.E.1,000 cash from the bank for business use.
- May 16 Karima paid her account by cheque, deducting 2.5% discount.
- May 28 Shahinda paid her account in cash after having deducted 5% cash discount.
- May 29 Paid Basim by cheque less 5% cash discount.
- May 30 Paid Ahmed by cheque less 2.5% cash discount.

Required:
Prepare the Three-Columns Cash Book to record this information.

Best Wishes******

ALI ABDELKARIM RAWY
A.A. Rawy
**Answer the following questions:** Question One (30 marks):
Your are given the following transaction about a particular business entity:

**Debit Balances on Jan. 1, 2010:**
Cash in Hand L.E.80,000, Cash at Bank L.E.250,000, Stock of Goods L.E.200,000, Furniture L.E.20,000, Buildings L.E.100,000, Sundry Debtors- Fahd L.E.20,000, Anis L.E.10,000, and Madhat L.E.20,000.

**Credit Balances on January 1, 2010:**
Sundry Creditors- Anas L.E.50,000, Loan from Basim L.E.100,000.
The following are further transactions in the month of January, 2008:
1- Jan. 1, purchased goods worth L.E.50,000 for cash less 20% trade discount and 5% cash discount.
2- Jan. 4, Received L.E.19,800 from Fahd and allowed him L.E.200 as discount.
3- Jan. 6, purchased goods from Bahgat L.E.50,000.
4- Jan. 8, purchased Equipment from Mostaf for L.E.50,000 and paid L.E.1,000 as cartage for bringing the Equipment to the factory and another L.E.2,000 as installation charge.
5- Jan. 12, sold goods to Ramiz on credit L.E.6,000.
6- Jan. 15, Ramiz became an insolvent and could pay only 50% of his debts.
7- Jan. 18, sold goods to Ramzy for cash of L.E.10,000.
8- Jan. 20, paid salary to Radwan L.E.20,000.
9- Jan. 21, paid to Anas L.E.48,000 in full settlement.
10- Jan. 26, interest received from Madhat of L.E.2,000.
11- Jan. 28, paid to Basim interest on loan L.E.5,000.
12- Jan. 31, sold goods for cash of L.E.5,000.
13- Jan. 31, withdrew goods from business for personal use of L.E.2,000.

**Required:** Journalize the above transactions in the books of the trader.

**Question Two (40 marks):**

**First (20 marks):** Select the best answer (in a tabular form):

1. The amount brought in by the owner in the business enterprise should be credited to
   a- Cash a/c.  
   b- Capital a/c.  
   c- Drawings a/c.
2. The amount of salary paid to Sarah should be debited to
   a- Sarah a/c.  
   b- Salaries a/c.  
   c- Cash a/c.
3. The return of goods by a customer should be debited to
   a- Customer’s a/c.  
   b- Sales Returns a/c.  
   c- Goods a/c.
4. Sales made to Mohamed for cash should be debited to
   a- Cash a/c.  
   b- Mohamed a/c.  
   c- Sales a/c.
5. The rent paid to the landlord should be credited to
   a- Landlord’s a/c.  
   b- Rent a/c.  
   c- Cash a/c.
6. The Cash Discount allowed to a debtor should be credited to
   a- Discount a/c.  
   b- Customer’s a/c.  
   c- Sales a/c.
7. In case of a debit becoming bad, the amount should be credited to
a- Debtors a/c.  b- Bad Debts a/c.  c- Sales a/c.
8. The main function of accounting is to
a- record economic data. b- provide the information basis for action.
C-classifying and recording business transactions.
9. The basic function of financial accounting is to
a- record all business transactions. b- interpret the financial data.
c- assist the management in performing functions effectively.
10. Management accounting provides invaluable service to management in performing
a- all management functions. b- co-ordinating management functions.
c- controlling functions.
11. Which of the following types of business owners do not take an active role in the daily
management of the business?
a- General partners.  b- Sole proprietors. c- Sole Trader.  d- Limited partner.
12. Which of the following is not a characteristic of a sole proprietorship?
a- The owner is personally liable for the debts of the business.
b- From an accounting standpoint, a sole proprietorship is regarded as an entity separate from the
c- personal affairs of the owner.
d- The owner is free to withdraw assets from the business at any time and in any amount.
13. Which of the following is true about a sole proprietorship?
a- The business assets are held in the name of the business.
b- The business pays income taxes.  c- The business is a separate legal entity.
d- The owner is personally liable for all debts of the business.
14. Which of the following is not a characteristic of a sole proprietorship?
a- Ease of formation.  b- Business pays income taxes.
c- Business pays no salary to its owner.
d- Business assets belong to the owner.
15. Which of the following is not a characteristic of a sole proprietorship?
a- Unlimited personal liability for business debts by owner.
b- Assets of the business belong to the business.
c- The business pays no salary to its owner.  d- Ease of formation.
16. Which of the following investors do not have unlimited liability for the debts of the business?
a- An owner of a sole proprietorship.  b- A partner of a general partnership.
c- A general partner of a limited partnership.
d- A stockholder of a corporation.
17. Which of the following types of business pays income taxes on its net income?
a- A sole proprietorship.  b- A general partnership.
c- A limited partnership.  d- A corporation.
18. If a business needs large amounts of equity capital, the appropriate form of organization most
likely is:
a- A corporation.  b- A general partnership.  c- A limited partnership.
d- A limited liability partnership.
19. Which of the following is the least important factor in deciding the appropriate form of
business organization for a particular business?
a- Personal liability for debts.  b- Income tax considerations.
c- The need for equity capital.  d- The number of employees.
20. Which of the following forms of business organizations are normally treated as a going
concern from an accounting viewpoint?
a- A sole proprietorship.  b- A partnership.  c- A corporation.
d- All of the above are treated as going concerns.

For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>d</td>
</tr>
<tr>
<td>2</td>
<td>e</td>
</tr>
</tbody>
</table>

**Second (20 marks):**
State whether each of the following statements is True (✓) or False (✗) (in a tabular form):

1. In Egypt, like most of countries, there are two main forms of business organizations. They are sole proprietorships and partnerships.
2. A sole proprietorship is an unincorporated business owned by one or more persons.
3. The business assets in a corporation actually belong to the proprietor, not to the business.
4. The net income of a sole proprietorship should be sufficient to compensate the owner for services to the business, capital provided to the business, and the risks of ownership.
5. Owners of sole proprietorships and general partnerships are personally liable for the debts of the business.
6. A partnership may be created merely by two or more persons agreeing to act as partners.
7. A partnership ceases its existence upon the death or withdrawal of one of the partners.
8. A corporation is dissolved whenever a stockholder dies or withdraws from the organization.
9. A corporation must have at least five stockholders.
10. A limited partner generally participates in management of the partnership.

For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>✓</td>
</tr>
<tr>
<td>(2)</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Question Three (30 marks):**

The adjusted trial balance for Belia Auto Service at December 31 is shown below:

**BELIA AUTO SERVICE Adjusted Trial Balance December 31, 2009**

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>13,420</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable- Accounts payable</td>
<td>6,600</td>
<td>8,870</td>
</tr>
<tr>
<td>Shop supplies</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>52,000</td>
<td></td>
</tr>
<tr>
<td>Building-Accumulated depreciation: building</td>
<td>36,000</td>
<td>150</td>
</tr>
<tr>
<td>Tools and equipment-Acc. Dep. Tool &amp; E</td>
<td>12,000</td>
<td>200</td>
</tr>
<tr>
<td>Wages expense-Notes payable</td>
<td>4,900</td>
<td>30,000</td>
</tr>
<tr>
<td>Ahmed Adel, Drawings-Ahmed Adel, Capital</td>
<td>3,100</td>
<td>81,000</td>
</tr>
<tr>
<td>Advertising expense-Repair service revenue</td>
<td>830</td>
<td>10,380</td>
</tr>
<tr>
<td>Supplies expense</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: building...</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: tools and equipment.....</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130,600</td>
<td>130,600</td>
</tr>
</tbody>
</table>

**Required:**
2- Pass the closing entries and prepare the Income Summary Account.

**Best Wishes*******

**ALI ABDULKARIM RAWY**

A·A·Rawy
Answer the Following Questions

The First Question :
1- What is the difference between the command and market economies with respect to facing the economic problem?
2- Why in economics the environment is viewed as a composite asset?

The Second Question :-

(A) For each item, determine whether the statement is basically true or false.
   1- The PPF is a straight line when there are no opportunity costs.
   2- Opportunity costs are always measured by the value of the next best alternative.
   3- Unemployment is shown as a point outside the production possibilities curve.
   4- Increases in our capital stock contribute to economic growth.
   5- Economic growth is shown as a leftward shift of the PPF.
   6- Because resources are perfectly adaptable to alternative uses, we have increasing opportunity cost.
   7- Investment goods are synonymous with capital products.
   8- Businesses supply goods and services to households.
   9- An opportunity cost is the highest preferred alternative taken.
  10- Opportunity cost and cost are synonyms.

(B) What is meaning of the following definitions
   1- Capital goods
   2- Consumer goods
   3- Production
   4- Static efficiency
   5- Dynamic efficiency

(C) Completion by one only word
   Human wants are..............(1), but ............(2) are not limited, or scarce, resources force individuals and societies to ...............(3) The central function of any .................(4) is to ..............(5) resources into .............(6) form in ...............(7) with those ..................(8) The process by which this ............(9) takes place is called ..................(10)
The third Question :-

(A) Present and illustrate the essential two conditions that must hold along an optimal – depletion path.

(B) Suppose you have the following demand function about of oil in the ground in total $P = 32 - 2y$ where $P$ is the price and $y$ is the quantity. Suppose that the constant marginal cost of extraction is $3$ per barrel, and that the rate of discount is $r = 0.12$. What allocation of output over two periods ($y_0$, $y_1$) will yield the greatest net benefit from the oil?

- In pure compitation market case.
- In pure monopolestic market case.

(C) Two firms can control emissions at the following marginal costs: $MC_1 = $200 $Q_1$, $MC_2 = $100 $Q_2$, where $Q_1, Q_2$ are respectively the amount of emissions reduced by the first and second firms. Assume that with no control at all, each firm would be emitting 30 units of emissions or a total of 60 units for both firm.

1-Compute the cost-effective allocation of control responsibility if a total reduction of 36 units emissions is necessary.

2-Compute the cost-effective allocation of control responsibility if ambient standard is 48 ppm, and the transfer coefficients that translate a unit of an emissions into a ppm concentration at the receptor are respectively $a_1 = 2.0$ and $a_2 = 1.0$

3-Assume that the control authority wanted to reach its objective in (1) by using an emission charge system.

- What per-unit charge should be imposed?
- Calculate the authority revenue from this system.

Good luck.....
Dr. Gamal I.Hassan

\[\text{G. I. Hassan}\]
Answer all the following questions:

**Question One:**

(A) State the importance of national income accounting.

(B) Given the following national income accounting data (all figures are in billions of US dollars), compute the following:

<table>
<thead>
<tr>
<th></th>
<th>A. GNP</th>
<th>B. NNP</th>
<th>C. NI</th>
<th>D. Disposable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of employees</td>
<td>97.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. exports of goods &amp; services</td>
<td>7.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government purchases of goods &amp; services</td>
<td>30.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect business taxes</td>
<td>6.60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net private domestic investment</td>
<td>31.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Income</td>
<td>180.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rents</td>
<td>42.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>43.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. imports of goods &amp; services</td>
<td>8.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal taxes</td>
<td>21.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Consumption expenditures</td>
<td>115.50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Question Two:

(A) What is the relationship between the consumption function, the saving function, and the income function or 45° line?

(B) Show that the net effect of a balanced budget (where government expenditures = taxes) is an increase in NNP by the amount of the budget.

(C) How can taxes be used to achieve the economic goals of full employment, price stability, and economic growth?

Question Three:

(A) What is the effect of an increase in government spending, where no change in taxes takes place and the deficit is financed by borrowing?

(B) The economy has an overall tax rate of 27% of national income. The full employment income level is $980 billion. In order to sustain this level, the government must keep its expenditure at $296 billion in addition to private investment and other injections.  
   1- Calculate the full employment balance (surplus or deficit for a budget which will be just sustaining fully employment).
   2- Calculate also the surplus or deficit, at an income level of $970 billion, for a budget which has the full employment balance calculate under 1.

(C) What is the effect on savings of a tax cut of $ 10 billion? Is this inflationary or deflationary? Assume that the marginal propensity to consume is 0.85.

Question Four:

(A) Why is it that the fluctuations in private investment, I, are regarded as being the main cause (or potential cause) of fluctuations in economic activity?

(B) When your cash balances are at present $ 1,000 and inflation is expected to be 12% per year, what will be your real balances after 4 years in terms of current prices?

(C) What are frictional, structural and cyclical unemployment?
Answer the following questions: Question One (40 marks):
The following is the Schedule of balances as on December 31st, 2009, extracted from the books of Sheri Khafagy, who carries on business under the name of Elhoria Enterprise:

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Dr. L.E.</th>
<th>Cr. L.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>26,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Debtors - Sundry Creditors</td>
<td>860,000</td>
<td>430,000</td>
</tr>
<tr>
<td>Stock as on 1/1/2009</td>
<td>620,000</td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>214,000</td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>160,000</td>
<td></td>
</tr>
<tr>
<td>Buildings - Accumulated Depreciation: Buildings...</td>
<td>600,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Motor Car</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Dep. Expense: Buildings- Provision for Bad Debts</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Purchases - Purchases Returns</td>
<td>1,400,000</td>
<td>26,000</td>
</tr>
<tr>
<td>Sales Returns - Sales</td>
<td>42,000</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Salaries - Outstanding salaries</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Rent for godown (storage) - Outstanding rent</td>
<td>60,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Interest on loan - Loan</td>
<td>33,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Taxes and Rates - Outstanding interest on loan</td>
<td>21,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Discount allowed - Discount received</td>
<td>24,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Freight on Purchases</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Carriage Outwards</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Drawings - Capital</td>
<td>135,000</td>
<td>1,620,000</td>
</tr>
<tr>
<td>Printing &amp; Stationery</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>Electric Charges</td>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td>Insurance premium</td>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>General office expenses</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Bank Charges</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>Motor Car Expenses</td>
<td>36,000</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>4,753,000</td>
<td>4,753,000</td>
</tr>
</tbody>
</table>

Adjusting Information:
1- Depreciation: (a) Furniture and Fixtures at 10% - one steel table purchased during the year for L.E.14,000 was sold for same price but the sale proceeds were wrongly credited to sales account; (b) Office Equipment at 15% - Purchase of a Computers during the year for L.E.40,000 has been wrongly debited to purchases; and (C) Motor Car at 20%.
2- Value of stock at the close of year was L.E.440,000.
3- Provision for Bad Debts is to be maintained at 5% of Sundry Debtors.
4- Insurance Premium includes L.E.40,000 paid towards owner's Life Insurance Policy and the balance of the insurance charges cover the period from 1/1/2009 to 31/3/2010.

[Signature]

[Date: June 16, 2010]
Required: Prepare Trading and Profit & Loss Account for the year ended December 31st, 2009 and the Balance Sheet as at that date.

Question Two (40 marks): First (20 points):
Modern Office sells facsimile machines, copiers, and other types of office equipment. On May 10, the firm purchased for the first time a new plain-paper fax manufactured by Xerox Company. Transactions relating to this product during May and June were as follows:
- May 10 Purchased five P-500 facsimile machines on account from Xerox Co., at a cost of L.E.560 each. Payment due in 30 days.
- May 23 Sold four P-500 facsimile machines on account to Elhoda Stockbrokers; sales price, L.E.900 per machine. Payment due in 30 days.
- May 24 Purchased an additional seven P-500 facsimile machines on account from Xerox. Cost, L.E.560 per machine; payment due in 30 days.
- June 9 Paid L.E.2,800 cash to Xerox Co. for the facsimile machines purchased on May 10.
- June 19 Sold two P-500 facsimile machines to MOHM for cash. Sales price, L.E.950 per machine.
- June 22 Collected L.E.3,600 from Elhoda Stockbrokers in full settlement of the credit sale on May 23.

Required: 1- Record the above transactions according to perpetual inventory system.
2- Prepare the inventory card.

Second (20 points): The following information appears in the books of Happiness Firm during May 2006.
May 1 Balances brought down from April:
- May 2 Kamil paid by cheque, having deducted 2.5% cash discount.
- May 8 Paid Lokman his account by cheque, deducting 5% cash discount.
- May 11 Withdrawn L.E.1,000 cash from the bank for business use.
- May 16 Karima paid her account by cheque, deducting 2.5% discount.
- May 28 Shahinda paid her account in cash after having deducted 5% cash discount.
- May 29 Paid Basim by cheque less 5% cash discount.
- May 30 Paid Ahmed by cheque less 2.5% cash discount.

Required: Prepare the Three-Columns Cash Book to record this information.

Question Three (20 marks):
The following data are extracted from the Trial Balance of a firm, as on December 31, 2009
Sundry Debtors L.E.50,000, Provision for Doubtful Debts L.E.5,000 (Cr), Provision for Discount L.E.2,000 (Cr), Bad Debts L.E.3,000, Discount Allowed L.E.1,000.

Other Data:
a. Additional Bad Debts L.E.1,000. b. Additional Discount L.E.500.
c. Create a provision for bad debts at 10% on debtors. d. Create a provision for discount at 5% on debtors.

Required: Prepare the necessary adjusting journal entries, prepare Provision for Bad Debts Account and Provision for Discount on Debtors Account.

Best Wishes****** ALI ABDELKARIM RAWY
Q(1): Translate into Arabic language:

The civil law governs the relations of the ordinary citizens. These relations may affect the persons himself, or may affect only his property. Thus the civil law is divided into two classes: the law of persons, and the law of things. The law of persons - or the family law - deals with legal capacity, marriage, divorce, rights and duties of parents towards their children, guardianship . . . etc. The law of things deals with ownership, obligations, special contracts, sale, lease, insurance . . . etc.

Q(2): What are the meanings of the following abbreviations?

IMF . IBRD . IFC . GATT . IDA

Q(3): Complete the following paragraphs (with at least three lines):

1- The private law is composed of . . . .
2- Commercial law is the law which deals with . . . .
3- Legislation is that source of law which . . . .
4- Every state should have the following qualifications . . . .
5- The sources of international law are five in number as follow . . . .

Q(1): Write down all that you know about the sources of the internal law. (25.M)
Q(2): Give short details about the nature of international law, and mention the differences between it and the internal law. (25.M)
Q(3): Enumerate the various types of legislations, and explain how the legislations can be promulgated in Egypt. (25.M)

Good Luck
Answer the following questions:

Question (1) : Correct the underlined words: (20 points)

1. Tools of implementation are the broad tasks that the public expects government to fulfill.
2. Bureaucracy is defined as the assembly of knowledge, power and will to accomplish certain purposes.
3. Implementation is the process of identifying, measuring and judging the outcomes and impacts of a policy.
4. The government's procedures are the government's chosen actions that are intended to serve the public purposes.

Question (2) : Define the following terms: (20 points)

1. Authoritarian leadership.
2. Hierarchy.
3. Performance measurement.
4. Tools of implementation.

Question (3) : Write detailed notes on the following topics: (20 points)

1. Functions of public executives.
2. The major factors which limit the administrator's control and authority.

Question (4) : (20 points)

"All evaluation by definition are value-laden. They must draw upon one or more standards in judging whether and how well a policy or program succeeded". Comment, then discuss the main standards used for evaluating a public policy.

Question (5) : Multiple-choice questions: (20 points)

1. Bureaucracy's unique superiority over other forms of organization rests on its:
   a) employees' mastery of technical knowledge.
   b) dependence on a single strong leader.
   c) democratic form of governance.
   d) method of promoting interpersonal relations.
2. When government intervenes to enable workers and management in a factory to settle a dispute, it acts in the role ...............:
   a) mediator.
   b) custodian.
   c) regulator.
   d) employer.

3. Which one of the following is not a major tool of government executives for carrying out their functions in diverse situations:
   a) Legitimacy.
   b) expertise in the organization's specialty.
   c) strong personality resources.
   d) financial rewards and penalties for employees.

4. When the implementation action explicitly follows legislative mandates for a program, it fulfills which view?
   a) idealistic.
   b) legalistic.
   c) adaptive.
   d) responsive.

All best wishes
Answer the following questions: Question One (30 marks):
Your are given the following transaction about a particular business entity:

Debit Balances on Jan. 1, 2010:
Cash in Hand L.E.80,000, Cash at Bank L.E.250,000, Stock of Goods L.E.200,000, Furniture L.E.20,000, Buildings L.E.100,000, Sundry Debtors- Fahd L.E.20,000, Anis L.E.10,000, and Madhat L.E.20,000.

Credit Balances on January 1, 2010:
Sundry Creditors- Anas L.E.50,000, Loan from Basim L.E.100,000.
The following are further transactions in the month of January, 2008:
1- Jan. 1, purchased goods worth L.E.50,000 for cash less 20% trade discount and 5% cash discount.
2- Jan. 4, Received L.E.19,800 from Fahd and allowed him L.E.200 as discount.
3- Jan. 6, purchased goods from Bahgat L.E.50,000.
4- Jan. 8, purchased Equipment from Mostaf for L.E.50,000 and paid L.E.1,000 as cartage for bringing the Equipment to the factory and another L.E.2,000 as installation charge.
5- Jan. 12, sold goods to Ramiz on credit L.E.6,000.
6- Jan. 15, Ramiz became an insolvent and could pay only 50% of his debts.
7- Jan. 18, sold goods to Ramzy for cash of L.E.10,000.
8- Jan. 20, paid salary to Radwan L.E.20,000.
9- Jan. 21, paid to Anas L.E.48,000 in full settlement.
10- Jan. 26, interest received from Madhat of L.E.2,000.
11- Jan. 28, paid to Basim interest on loan L.E.5,000.
12- Jan. 31, sold goods for cash of L.E.5,000.
13- Jan. 31, withdrew goods from business for personal use of L.E.2,000.

Required: Journalize the above transactions in the books of the trader.

Question Two (40 marks):
First (20 marks): Select the best answer (in a tabular form):
1. The amount brought in by the owner in the business enterprise should be credited to
   a- Cash a/c.  b- Capital a/c.  c- Drawings a/c.
2. The amount of salary paid to Sarah should be debited to
   a- Sarah a/c.  b- Salaries a/c.  c- Cash a/c.
3. The return of goods by a customer should be debited to
   a- Customer's a/c.  b- Sales Returns a/c.  c- Goods a/c.
4. Sales made to Mohamed for cash should be debited to
   a- Cash a/c.  b- Mohamed a/c.  c- Sales a/c.
5. The rent paid to the landlord should be credited to
   a- Landlord's a/c.  b- Rent a/c.  c- Cash a/c.
6. The Cash Discount allowed to a debtor should be credited to
   a- Discount a/c.  b- Customer's a/c.  c- Sales a/c.
7. In case of a debit becoming bad, the amount should be credited to
a- Debtors a/c.  b- Bad Debts a/c.  c- Sales a/c.
8. The main function of accounting is to
a- record economic data.  b- provide the information basis for action.
C-classifying and recording business transactions.
9. The basic function of financial accounting is to
a- record all business transactions.  b- interpret the financial data.
c- assist the management in performing functions effectively.
10. Management accounting provides invaluable service to management in performing
a- all management functions.  b- co-ordinating management functions.
c- controlling functions.
11. Which of the following types of business owners do not take an active role in the daily
management of the business?
a- General partners.  b- Sole proprietors.  c- Sole Trader.  d- Limited partner.
12. Which of the following is not a characteristic of a sole proprietorship?
a- The owner is personally liable for the debts of the business.
b- From an accounting standpoint, a sole proprietorship is regarded as an entity separate from the
personal affairs of the owner.
c- The business is subject to double taxation as income taxes must be paid both by the business
entity and then by its owner.  
d- The owner is free to withdraw assets from the business at any time and in any amount.
13. Which of the following is true about a sole proprietorship?
a- The business assets are held in the name of the business.
b- The business pays income taxes.  c- The business is a separate legal entity.
d- The owner is personally liable for all debts of the business.
14. Which of the following is not a characteristic of a sole proprietorship?
a- Ease of formation.  b- Business pays income taxes.
c- Business pays no salary to its owner.
d- Business assets belong to the owner.
15. Which of the following is not a characteristic of a sole proprietorship?
a- Unlimited personal liability for business debts by owner.
b- Assets of the business belong to the business.
c- The business pays no salary to its owner.  d- Ease of formation.
16. Which of the following investors do not have unlimited liability for the debts of the business?
a- An owner of a sole proprietorship.  b- A partner of a general partnership.
c- A general partner of a limited partnership.
d- A stockholder of a corporation.
17. Which of the following types of business pays income taxes on its net income?
a- A sole proprietorship.  b- A general partnership.
c- A limited partnership.  d- A corporation.
18. If a business needs large amounts of equity capital, the appropriate form of organization most
likely is:
a- A corporation.  b- A general partnership.  c- A limited partnership.
d- A limited liability partnership.
19. Which of the following is the least important factor in deciding the appropriate form of
business organization for a particular business?
a- Personal liability for debts.  b- Income tax considerations.
c- The need for equity capital.  d- The number of employees.
20. Which of the following forms of business organizations are normally treated as a going
concern from an accounting viewpoint?
a- A sole proprietorship. b- A partnership. c- A corporation.

d- All of the above are treated as going concerns.

For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-</td>
<td>d</td>
</tr>
<tr>
<td>2-</td>
<td>e</td>
</tr>
</tbody>
</table>

**Second (20 marks):**

State whether each of the following statements is True (✓) or False (✗) (in a tabular form):

1. In Egypt, like most of countries, there are two main forms of business organizations. They are sole proprietorship and partnerships.
2. A sole proprietorship is an unincorporated business owned by one or more persons.
3. The business assets in a corporation actually belong to the proprietor, not to the business.
4. The net income of a sole proprietorship should be sufficient to compensate the owner for services to the business, capital provided to the business, and the risks of ownership.
5. Owners of sole proprietorships and general partnerships are personally liable for the debts of the business.
6. A partnership may be created merely by two or more persons agreeing to act as partners.
7. A partnership ceases its existence upon the death or withdrawal of one of the partners.
8. A corporation is dissolved whenever a stockholder dies or withdraws from the organization.
9. A corporation must have at least five stockholders.
10. A limited partner generally participates in management of the partnership.

For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(111)</td>
<td>True or ✓</td>
</tr>
<tr>
<td>(222)</td>
<td>False or ✗</td>
</tr>
</tbody>
</table>

**Question Three(30 marks):**

The adjusted trial balance for Belia Auto Service at December 31 is shown below:

BELIA AUTO SERVICE Adjusted Trial Balance December 31, 2009

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash……………………………L.E.</td>
<td>13,420</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable- Accounts payable</td>
<td>6,600</td>
<td>8,870</td>
</tr>
<tr>
<td>Shop supplies……………………………………….</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Land……………………………………………...</td>
<td>52,000</td>
<td></td>
</tr>
<tr>
<td>Building-Accumulated depreciation: building</td>
<td>36,000</td>
<td>150</td>
</tr>
<tr>
<td>Tools and equipment-Acc. Dep. Tool &amp; E</td>
<td>12,000</td>
<td>200</td>
</tr>
<tr>
<td>Wages expense-Notes payable</td>
<td>4,900</td>
<td>30,000</td>
</tr>
<tr>
<td>Ahmed Adel, Drawings-Ahmed Adel, Capital</td>
<td>3,100</td>
<td>81,000</td>
</tr>
<tr>
<td>Advertising expense-Repair service revenue</td>
<td>830</td>
<td>10,380</td>
</tr>
<tr>
<td>Supplies expense…………………………………...</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: building........................</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: tools and equipment………….</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130,600</td>
<td>130,600</td>
</tr>
</tbody>
</table>

**Required:**
2- Pass the closing entries and prepare the Income Summary Account.

Best Wishes*****

ALI ABDELKARIM RAWY

A·A· Rawy
Answer the following questions:

Question One (30 marks):
Your are given the following transaction about a particular business entity:
Debit Balances on Jan. 1, 2008:
Cash in Hand L.E.80,000, Cash at Bank L.E.250,000, Stock of Goods L.E.200,000, Furniture L.E.20,000, Buildings L.E.100,000, Sundry Debtors-
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12- Jan. 31, sold goods for cash of L.E.5,000.
13- Jan. 31, withdrew goods from business for personal use of L.E.2,000.
Required:
Journalize the above transactions in the books of the trader.

Question Two (40 marks):
First (20 marks):
Select the best answer (in a tabular form):
1. The amount brought in by the owner in the business enterprise should be credited to
   a- Cash a/c.  b- Capital a/c.  c- Drawings a/c.
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   a- Sarah a/c.  b- Salaries a/c.  c- Cash a/c.
3. The return of goods by a customer should be debited to
   a- Customer’s a/c.  b- Sales Returns a/c.  c- Goods a/c.
4. Sales made to Mohamed for cash should be debited to
   a- Cash a/c.  b- Mohamed a/c.  c- Sales a/c.
5. The rent paid to the landlord should be credited to
   a- Landlord’s a/c.  b- Rent a/c.  c- Cash a/c.
6. The Cash Discount allowed to a debtor should be credited to
   a- Discount a/c.  b- Customer’s a/c.  c- Sales a/c.
7. In case of a debit becoming bad, the amount should be credited to
   a- Debtors a/c.  b- Bad Debts a/c.  c- Sales a/c.
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   a- record economic data. b- provide the information basis for action.
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    b- From an accounting standpoint, a sole proprietorship is regarded as an entity separate from the personal affairs of the owner.
    c- The business is subject to double taxation as income taxes must be paid both by the business entity and then by its owner.
    d- The owner is free to withdraw assets from the business at any time and in any amount.
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    b- The business pays income taxes.  c- The business is a separate legal entity.
    d- The owner is personally liable for all debts of the business.
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    a- Ease of formation.  b- Business pays income taxes.
c- Business pays no salary to its owner.
d- Business assets belong to the owner.

15. Which of the following is not a characteristic of a sole proprietorship?
a- Unlimited personal liability for business debts by owner.
b- Assets of the business belong to the business.
c- The business pays no salary to its owner.
d- Ease of formation.

16. Which of the following investors do not have unlimited liability for the debts of the business?
a- An owner of a sole proprietorship.
b- A partner of a general partnership.
c- A general partner of a limited partnership.
d- A stockholder of a corporation.

17. Which of the following types of business pays income taxes on its net income?
a- A sole proprietorship.
b- A general partnership.
c- A limited partnership.
d- A corporation.

18. If a business needs large amounts of equity capital, the appropriate form of organization most likely is:
a- A corporation.
b- A general partnership.
c- A limited partnership.
d- A limited liability partnership.

19. Which of the following is the least important factor in deciding the appropriate form of business organization for a particular business?
a- Personal liability for debts.
b- Income tax considerations.
c- The need for equity capital.
d- The number of employees.

20. Which of the following forms of business organizations are normally treated as a going concern from an accounting viewpoint?
a- A sole proprietorship.
b- A partnership.
c- A corporation.
d- All of the above are treated as going concerns.

For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-</td>
<td>d</td>
</tr>
<tr>
<td>2-</td>
<td>e</td>
</tr>
</tbody>
</table>

Second (20 marks):
State whether each of the following statements is True (✓) or False (✗) (in a tabular form):

(1) In Egypt, like most of countries, there are two main forms of business organizations. They are sole proprietorships and partnerships.

(2) A sole proprietorship is an unincorporated business owned by one or more persons.

(3) The business assets in a corporation actually belong to the proprietor, not to the business.
(4) The net income of a sole proprietorship should be sufficient to compensate the owner for services to the business, capital provided to the business, and the risks of ownership.
(5) Owners of sole proprietorships and general partnerships are personally liable for the debts of the business.
(6) A partnership may be created merely by two or more persons agreeing to act as partners.
(7) A partnership ceases its existence upon the death or withdrawal of one of the partners.
(8) A corporation is dissolved whenever a stockholder dies or withdraws from the organization.
(9) A corporation must have at least five stockholders.
(10) A limited partner generally participates in management of the partnership.
For example:

<table>
<thead>
<tr>
<th>No.</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(111)</td>
<td>True or ✓</td>
</tr>
<tr>
<td>(222)</td>
<td>False or ×</td>
</tr>
</tbody>
</table>

**Question Three (30 marks):**
The adjusted trial balance for Belia Auto Service at December 31 is shown below:

**BELIA AUTO SERVICE Adjusted Trial Balance December 31, 2008**

<table>
<thead>
<tr>
<th>Account Titles</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash ............................... L.E.</td>
<td>13,420</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable- Accounts payable</td>
<td>6,600</td>
<td>8,870</td>
</tr>
<tr>
<td>Shop supplies ................................</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Land ................................</td>
<td>52,000</td>
<td></td>
</tr>
<tr>
<td>Building-Accumulated depreciation: building</td>
<td>36,000</td>
<td>150</td>
</tr>
<tr>
<td>Tools and equipment-Acc. Dep. Tool &amp; E</td>
<td>12,000</td>
<td>200</td>
</tr>
<tr>
<td>Wages expense-Notes payable</td>
<td>4,900</td>
<td>30,000</td>
</tr>
<tr>
<td>Ahmed Adel, Drawings-Ahmed Adel, Capital</td>
<td>3,100</td>
<td>81,000</td>
</tr>
<tr>
<td>Advertising expense-Repair service revenue</td>
<td>830</td>
<td>10,380</td>
</tr>
<tr>
<td>Supplies expense................................</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: building...........</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense: building...........</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>130,600</td>
<td>130,600</td>
</tr>
</tbody>
</table>

**Required:** 1- Prepare Income Statement, Statement of Owner's Equity and the Balance Sheet as on December 31, 2008.
2- Pass the closing entries and prepare the Income Summary Account.

*Best Wishes*****

**ALI ABDELKARIM RAWY**