



LEBANESE AMERICAN UNIVERSITY  
BYBLOS-LEBANON

Acc 201 – Principles of Accounting I  
Instructor: T. Assad  
Fall Semester – 2007

Test I  
Date: October 31, 2007  
Time: 11:00 – 12:00

Student's Name: \_\_\_\_\_

Student's ID: \_\_\_\_\_

Section: 32

Exercise	Grade	% of Total
1	12	20
2	39	40
3	40	<u>40</u>
	<hr/>	
Total	91	100

N.B. Make sure to read all questions. This exam booklet is composed of seven pages. The end of the exam is a question found on page five. Page seven is a scratch paper you can detach it if you want, provided you write your name on it. Good Luck

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1. For each of the following items, indicate whether a debit (dr.) or credit (cr.) causes the account to decrease.

- Cr. Cash
- Dr. Service revenue
- Cr. Land
- cr ~~Dr~~ Owner's withdrawals
- Cr Notes receivable

- cr ~~Dr~~ Salary expense
- Dr. Notes payable
- cr ~~Dr~~ Supplies expense
- cr ~~Dr~~ Interest expense
- Cr Furniture

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2. For the following transactions of the month of June: (a) Record in the journal, post to the Ledger, and prepare a Trial Balance in good form as of June 30 to the proper accounts as of June 30, 2007. Prepare

- June 1. Edward Wilson invested \$10,000 cash in his new landscaping business.
- June 1. Edward paid the first month's rent with \$400,
- June 5. Edward purchased equipment by paying \$3,000 cash and leaving \$2,000 on-account.
- June 10. Edward purchased supplies for \$250 cash.
- June 15. Edward billed a client for \$2,000 of design services completed
- June 26. Edward received \$950 of the account for the completed services.
- June 30. Edward wrote a check to himself for \$3,000 for personal expenses.

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Date	Accounts title and explanations	Debit	Credit
June (1)	Cash	10,000	
	Edward Wilson, capital		10,000
(1)	Rent Expense	400	
	Cash		400
(5)	Equipment	5,000	
	Cash		3,000
	A/P (Accounts payable)		2,000
(10)	Supplies	250	
	Cash		250
(15)	A/R	2,000	
	Service Revenue		2,000
(26)	<del>A/R</del> Cash	950	
	Service Revenue		950

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J A I 2007

		Dr.	Cr.
(30)	Edward Wilson, withdrawls	3,000	
	Cash		3,000

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Cash	
10,000	400
950	3,000
	250
	3,000
<hr/>	
Bal. 4,300	

A/R	
<del>950</del>	
<del>2,000</del>	
2,000	
<hr/>	
Bal. 2,000	

Equipment	
5,000	
<hr/>	
Bal. 5,000	

Supplies	
250	
<hr/>	
Bal. 250	

A/P	
<del>7,000</del>	
2,000	
950	
<hr/>	
Bal. 295	

Edward Wilson, Capital	
10,000	
<hr/>	
Bal. 10,000	

Edward Wilson, Withdrawals	
3,000	
<hr/>	
Bal. 3,000	

Service Revenue	Rent Expense
2,000	400
<del>950</del>	
<hr/>	
Bal. 2,000	Bal. 400

**S O C I A L - C L C**

Edward Wilson Landscaping  
 Trial Balance

June 30, 2007

Account	Dr.	Cr.
Cash - - - - -	\$ 2,300	
A/R - - - - -	2,000	
Equipment - - - - -	5,000	
Supplies - - - - -	250	
A/P - - - - -		2,250
Edward W., Capital - - - - -		10,000
Edward W., withdrawals - - - - -	3,000	
Service Revenue - - - - -		2,000
Rent Expense - - - - -	400	
<b>Total</b>	<b>14,950</b>	<b>14,950</b>

Total Dr. = Total Cr. = \$ 14,950

2007-11-10

3. On August 1, 2005, Sarah Brown invested \$80,000 in her new business Brown Construction. During August, she withdrew \$12,500 from the business. The amounts of the various assets, liabilities, revenues, and expenses are as follows:

L Accounts payable	\$ 9,000
A Accounts receivable	26,000
A Cash	16,050
R Construction revenue	100,000
A Prepaid Insurance	2,000
A Land	75,000
E Miscellaneous expense	1,700
E Insurance expense	2,500
E Rent expense	10,000
E Salary expense	40,000
A Supplies	900
E Supplies expense	350
E Utilities expense	2,000

40

Prepare each of the following for Brown Construction Company:

- a. an income statement for August,
- b. a statement of owner's equity for August, and
- c. a balance sheet as of August 31

a)

Brown Construction  
 Income Statement  
 for the month ended August 31, 2005

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Revenues:	
Construction Revenue	\$ 100,000
Expenses:	
Insurance Expense	\$ 2,500
Rent Exp.	10,000
Salary Exp.	40,000
Supplies Exp.	350
Utilities Exp.	2,000
Miscellaneous Exp.	1,700
Total Expenses	\$ 56,550
Net Income	\$ 43,450

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b)

Brown Construction  
St. of O.E

For the month ended August 31, 05

Brown, Capital Aug 1, 05	- - - - -	\$ 80,000	
Add: Net Income		43,450	
Less: Brown, withdrawals		12,500	13
Brown, Capital Aug. 31, 05		<u>\$ 110,950</u>	

c)

Brown construction  
Balance Sheet  
Aug. 31, 05

Assets:		Liabilities:	
Cash	- - - - - \$ 16,050	A/P	- - - - - \$ 9,000
A/R	- - - - - 26,000	O.E	
Prepaid Insurance	- - - - - 2,000	Brown, Capital	- - - - - 110,950
Land	75,000		
Supplies	<u>900</u>		
Total Assets	<u>\$ 119,950</u>	13	Total Liabilities & O.E = 119,950

Total Assets = Total Liabilities & O.E

+ 1

210-90000

100

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Acc201 - Spring 2007  
Exam I

March 22, 2006

Name: \_\_\_\_\_

ID#: \_\_\_\_\_

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Problem I (10%)

Use the following information to determine the net income for the year for each alternative below: (show Calculations)

	Assets	Liabilities	OE Capital
Beginning of the year	\$ 70,000	\$30,000	\$ 40,000
End of the year	\$100,000	\$50,000	\$ 50,000

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1. No additional investments are made in the business and the owner made no withdrawals during the year.

Capital at beg	\$ 40,000	net income =
add: investments	—	50,000 - 40,000 =
add: net income	10,000	\$ 10,000
less: withdrawals	—	
Capital at end	\$ 50,000	

2. Additional investments of \$10,000 were made in the Business, but the owner made no withdrawals during the year.

Capital at beg	\$ 40,000	net income =
add: investments	10,000	(40,000 + 10,000) - 50,000
net income	?	= 0
less: withdrawals	—	
Capital at end	\$ 50,000	

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**Problem II (10%)**

Indicate whether each of the following accounts would be shown in the Income Statement, the Balance Sheet, or the Statement of Owner's Equity:

Account	Balance Sheet	Income Statement	Statement of Owner's Equity
Repair Revenue		✓	
Automobiles	✓		
Fuel expense		✓	
Cash	✓		
Accounts receivable	✓		
Land	✓		
Accounts payable	✓		
J. Johnson, drawing			✓
Rent expense		✓	✓
supplies	✓	✓	

**Problem III (60%)**

Prepare the General Journal entry for each of the transactions listed below:

- 1- Ray Black invested \$40,000 cash to open a private business.

	Dr.	Cr.
Cash	\$40,000	
R.B, Capital		\$40,000

- 2- The owner donated an office building to the business valued at \$80,000.

	Dr.	Cr.
office building	\$80,000	
R.B, Capital		\$80,000

- 3- Purchased office furniture for \$10,000 on account.

	Dr.	Cr.
office furniture	\$10,000	
A/P		\$10,000

- 4- Performed services for a customer on account, \$2,000.

	Dr.	Cr.
A/R	\$2,000	
Service Revenue		\$2,000



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5- Paid \$1,500 of its accounts payable.

A/P \*1500  
Cash \*1500 ✓

6- Paid salary expense for the month, \$1,000.

Salary Exp. | \*1000  
Cash | \*1000 ✓

7- Received \$1,000 from customers on account.

Cash \*1000  
A/R \*1000 ✓

8- The owner (Ray Black) withdrew \$500 cash for personal use.

R.B, withdrawals \*500  
Cash \*500 ✓

9- Performed a service for \$2,500, collected cash \$1,000 and the remaining amount on account.

Cash \*1000  
A/R \*1500  
Service Revenue \*2500 ✓

10- Paid the utility bill for the month for \$470.

Utility Exp. \*470  
Cash \*470 ✓

11- Purchased equipment for \$15,000, paid \$5,000 cash and signed a note payable for the remaining amount.

Equip \*15000  
Cash \*5000  
N/P \*10000 ✓

12- Placed an advertisement in a newspaper and received the bill for \$200.

Adv. Exp. \*200  
A/P \*200 ✓

25. 61002

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**Problem IV (20%)**

Below are the T-ledgers' balances for Greeting Co. at July 31, 2007

<u>Cash</u> \$10,000	<u>A/R</u> \$5,000	<u>Supplies</u> \$2,250
<u>Equipment</u> \$30,000	<u>Furniture</u> \$12,000	<u>A/P</u> <del>\$15,000</del>
<u>T. Jones, Capital</u> \$23,750	<u>T. Jones, Drawing</u> \$2,500	<u>Service Revenue</u> \$30,900
<u>Salary expense</u> \$4,000	<u>Rent expense</u> \$2,400	<u>Utility expense</u> \$1,500

**Instructions:**

- 1- Prepare the Trial Balance at July 31, 2007.

Greeting Co. Trial balance July 31, 2007.		
	Debit	Credit
Cash	\$10,000	
A/R	5,000	
Supplies	2,250	
Equip	30,000	
Furniture	12,000	
A/P		\$15,000
T. J. Capital		23,750
T. J. withdrawals	2,500	
Service Rev.		30,900
Sal. Exp.	4,000	
Rent Exp.	2,400	
Utility Exp.	1,500	
<b>TOTALS</b>	<b>\$69,650</b>	<b>\$69,650</b>

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2- Prepare a Balance Sheet at July 31, 2007

Creating Co balance sheet July 31, 07.																											
<table style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2"><u>Assets</u></td></tr> <tr><td>Cash</td><td style="text-align: right;">10 000</td></tr> <tr><td>A/R</td><td style="text-align: right;">5000</td></tr> <tr><td>Supplies</td><td style="text-align: right;">2250</td></tr> <tr><td>Equip</td><td style="text-align: right;">30000</td></tr> <tr><td>Furniture</td><td style="text-align: right;">12000</td></tr> <tr><td><b>TOTALS</b></td><td style="text-align: right;"><b><u>59250</u></b></td></tr> </table>	<u>Assets</u>		Cash	10 000	A/R	5000	Supplies	2250	Equip	30000	Furniture	12000	<b>TOTALS</b>	<b><u>59250</u></b>	<table style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2" style="text-align: center;"><u>Liabilities + OE</u></td></tr> <tr><td colspan="2" style="text-align: center;"><u>Liabilities</u></td></tr> <tr><td>A/P</td><td style="text-align: right;">15000</td></tr> <tr><td colspan="2" style="text-align: center;"><u>OE</u></td></tr> <tr><td>J.B. Capital</td><td style="text-align: right;">44250</td></tr> <tr><td></td><td style="text-align: right;"><u>59250</u></td></tr> </table>	<u>Liabilities + OE</u>		<u>Liabilities</u>		A/P	15000	<u>OE</u>		J.B. Capital	44250		<u>59250</u>
<u>Assets</u>																											
Cash	10 000																										
A/R	5000																										
Supplies	2250																										
Equip	30000																										
Furniture	12000																										
<b>TOTALS</b>	<b><u>59250</u></b>																										
<u>Liabilities + OE</u>																											
<u>Liabilities</u>																											
A/P	15000																										
<u>OE</u>																											
J.B. Capital	44250																										
	<u>59250</u>																										

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Good Luck!!!

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21. 10000

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95

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Acc201 - Section 32  
SP 2007 - Exam II

April 26, 2007

Name: Jenny Abi-Khattar

ID#: 200700065

## Problem I (15%)

The adjusted trial balance of Rainbow CO. at the end of the current year included the following account balances:

Building \$94,800  
Depreciation expense: Building \$4,740  
Accumulated depreciation : Building \$37,920

a. What is the estimated useful life of the building (in years)?

$$\frac{\$94800}{\$4740} = 20 \text{ years}$$

b. What length of time has Rainbow Co. owned this Building?

$$\frac{\$37920}{\$4740} = 8 \text{ years}$$

c. What is the book value of the building at the end of the current year?

$$\$94800 - \$37920 = \$56880$$

Bld \$94800  
less: Acc. dep. bld (37920)  
Book value \$56880

## Problem II (12%)

What is the effect (overstated, understated, no effect) on the items in the income statement and in the balance sheet if the following adjusting entries are omitted?

a. Failure to record the portion of the prepaid insurance that had expired during the period.

Revenue	Expenses	Net Income	Assets	Liabilities	Owners equity
no effect	understated	overstated	understated	no effect	overstated

b. Failure to record the portion of the unearned revenue that has been rendered by the end of the period.

Revenue	Expenses	Net Income	Assets	Liabilities	Owners equity
understated	no effect	understated	no effect	overstated	understated

-1

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Problem III (35%)

For each of the independent items below prepare adjusting entries for the accounting year ended Dec 31, 2006.

- a. Employees are paid every Friday. December 31 is a Thursday. The Company employs 20 individuals who are paid a total of \$200/day.

Accrued Expense  
Salary expense \$16000  
Salary P. \$16000  
 $\left( \begin{array}{l} \$200 \times 20 = \$4000 / \text{day} \\ \$4000 \times 4 \text{ days} = \$16000 \\ \text{(M-T-W-TH)} \end{array} \right.$

- b. The Green Co. provides advertising services. On July 1, 2006, a check in the amount of \$2,400 was received for advertisement to appear in various publications over the next 12 months.

Unearned Rev.  
Unearned Rev. \$2400  
Rev. earned \$1200  
 $\left( \begin{array}{l} \frac{\$2400}{12 \text{ mths}} = \$200 / \text{month} \\ \$200 \times 6 \text{ mths} = \$1200 \end{array} \right.$

- c. The Wheeler Co. has an insurance policy covering its building. The policy is for three years purchased on October 1, 2006 in the amount of \$3,600.

Prepaid Expense  
Ins. exp. \$300  
Prepaid Ins. \$300  
 $\left( \begin{array}{l} \frac{\$3600}{3 \text{ yrs}} = \$1200 / \text{yr} \\ \frac{\$1200}{12 \text{ m}} = \$100 \\ \$100 \times 3 \text{ mths} = \$300 \end{array} \right.$

- d. Services for \$2,000 were performed by December 31, 2006 but not yet billed nor recorded.

Accrued Revenue  
A/R. \$2000  
Rev. earned \$2000

- e. Utility bills in the amount of \$550 were unrecorded and unpaid by December 31, 2006.

Accrued Expense  
Utility expense \$550  
Utility P. \$550

- f. A 60-day \$40,000 loan was obtained from a bank on Dec. 1, 06. Accrued interest for December is \$600.

Interest exp. \$600  
Interest P. \$600

- g. Supplies used during the year 2006 amount to \$225.

Supplies exp. \$225  
Supplies \$225

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## Problem IV (38%)

At the end of the current fiscal year, the adjusted trial balance for Rainbow Company appeared as follows:

Cash.....	\$ 10,000	
Accounts Receivable.....	12,200	
Supplies.....	6,000	
Prepaid Insurance.....	2,900	
Building.....	50,000	
Accumulated Depreciation: building.....		\$ 7,500
Equipment.....	56,000	
Accumulated Depreciation: Equip.....		7,500
Accounts Payable.....		13,250
Unearned revenue.....		10,000
Long-term Notes Payable.....		30,000
John Rainbow, Capital.....		50,000
John Rainbow, Withdrawals.....	10,000	
Service Revenue.....		85,000
Salaries Expense.....	34,000	
Fuel Expense.....	9,000	
Utilities Expense.....	4,450	
Insurance Expense.....	2,200	
Depreciation Expense: building.....	4,000	
Depreciation Expense: equipment.....	2,500	
	<u>\$203,250</u>	<u>\$203,250</u>

a. Prepare the necessary closing entries.

Date	Account Title	Debit (\$)	Credit (\$)
Dec. 31	Service Revenue	\$ 85,000	
	Income Summary		\$ 85,000
Dec. 31	Income Summary	\$ 50,150	
	Sal. exp.		\$ 34,000
	Fuel. exp.		9,000
	Utilities. exp		4,450
	Ins. exp.		2,200
	Dep. exp: bldg		4,000
	Dep. exp: equip		2,500

inc. sum  
\$6150 / 85000  
\$28850

2006. 2007

capital  
 50000  
 10000  
 28850  
 68850

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Date	Account Title	Debit (\$)	Credit (\$)
Dec. 31	Income Summary	* 28850	
	J.R. capital		* 28850
Dec. 31	J.R. capital	* 10000	
	J.R. drawing		* 10000

b. Prepare a classified balance sheet at December 31, 2006

Assets	Liabilities + OE
<u>Current Assets</u>	<u>Liabilities</u>
Cash \$ 10000	<u>Current Liab.</u>
AR \$ 12200	A/P \$ 13250
Prep. Drs. \$ 2900	Unearned Rev. 10000
Total CA \$ 25100	Total CL \$ 23250
<u>Fixed assets</u>	<u>Long-term Liab.</u>
Supplies \$ 6000	N/P \$ 30000
Bldg \$ 50000	TOTAL Liab \$ 53250
less: Acc. dep. (7500)	<u>OE</u>
Book value \$ 42500	J.R. capital \$ 68850
Equip \$ 6000	
less: Acc. dep. (7000)	
Book value \$ 48500	
Total FA \$ 97000	
<b>TOTAL ASSETS \$ 122100</b>	<b>Total Liab + OE \$ 122100</b>

-24

c- Calculate the current ratio and explain its significance.  $\frac{CA}{CL} > 1$

$$\frac{CA}{CL} = \frac{25100}{23250} = 1.07$$

The current Ratio measures

how much we have liquidity to pay for the expenses without disrupting the business.  $1.07 > 1$



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Acc201 - Section 33  
Fall 2006-7 - Exam II

December 21, 2006

Name: \_\_\_\_\_

ID#: \_\_\_\_\_

## Problem I (20%)

The Outlaws, a professional football team, prepare financial statements on a monthly basis. Football season begins in August, but in July the team engaged in the following transactions:

Prepare the journal entry during July and the adjusting entry at August 31.

- a. Paid \$1,500,000 to Dodge City as advance rent for use of Dodge City Stadium for the five-month period from August 1 through December 31.

July

Prepaid

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Unearned Rev. 1500000  
Cash 1500000

August 31

Unearned Rev. 300000  
Rev. earned 300000

- b. Collected \$2,560,000 cash from sales of season tickets for the team's 8 home games. During the month of August, the Outlaws played only one home game.

July

Cash 2560000  
Unearned Rev. 2560000

August 31

Unearned Rev. 2000000  
Rev. earned 560000  
Cash 560000

2/2 - lawo2

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Problem II (20%)

Aquino Pharmacy acquired a delivery truck at a cost of \$14,400. Estimated life of the truck is four years.

- a. State the amount of depreciation expense per year and per month. Give the adjusting entry to record depreciation on the truck at the end of the first month.

Dep. Exp: truck 300  
Acc. dep: truck 300

$$\frac{14400}{4} = 3600 / \text{yr}$$

$$\frac{3600}{12} = 300 / \text{month}$$

- b. Assume the delivery truck was acquired on Sept. 1 2006, and this vehicle is the only delivery truck owned by the business. Show how this truck would be reported to Aquino Pharmacy's balance sheet at December 31, 2006.

Truck 14400  
Acc. dep (1300)  
Book value \$ 13200

Acc. dep: 300 x 4 = 1200  
from sept 1 to dec 31

- c. Compare the amount credited to Accumulated Depreciation in the adjusting entry in part a to the Accumulated Depreciation reported in the balance sheet at December 31, 2006 (part b). Are these two amounts the same? Explain briefly.

No. bcz in a) the dep. exp. was for 1 month only. in part b) it was for 4 months. the 1st is a dep. exp. for one month and one is acc. dep. for 4 months.

b) it was for 4 months.

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Key

LEBANESE AMERICAN UNIVERSITY  
BYBLOS-LEBANON

Acc 201 – Principles of Accounting I  
Instructor: T. Assad  
Spring Semester – 2005

Test II  
Date: April 20, 2005  
Time: 11:00 – 12:00

I. (10 points per exercise = 50%)

1. An insurance policy covering a 2-year period was purchased on November 1 for \$600. The amount was debited to Prepaid Insurance.
- Record the journal entry as of November 1
  - Show the adjusting entry for the 2-month period ending December 31

Date	Accounts Title and Explanations	Debit	Credit
Nov 1	Prepaid Insurance	600	
	Cash		600
Dec 31	Insurance Expense	50	
	Prepaid Insurance		50

2. On December 1, 2004, Big John Construction Company issued a \$10,000, ninety-day, 12 percent note. Big John's year ends December 31.
- Record the journal entry as of December 1, 2004
  - What is the year-end adjusting entry?

Date	Accounts Title and Explanations	Debit	Credit
Dec 1	Asset or Payable Account	10,000	
	Notes Payable		10,000
Dec 31	Interest Expense	100	
	Interest Payable		100

$$10,000 \times \frac{12}{100} \times \frac{1}{12}$$

3. Hill Top apartments rented an apartment on September 1, 2004, for 6 months, receiving \$3,000 in advance. Hill Top year ends January 31, 2005

- Record the journal entry on September 1, 2004
- What is the year-end adjusting entry?

Date	Accounts Title and Explanations	Debit	Credit
Sep 1	Cash	3,000	
	Unearned Revenue		3,000
Jan 31	Unearned Revenue	2,500	
	Revenue Earned		2,500

$$(3,000 \div 6) \times 5 =$$

4. On April 1, 2004 Luckey Printing Company purchased a new printing press for \$7,000, paying cash. The printing press is being depreciated by the straight-line method over a 5-year period.

- Record the journal entry on April 1, 2004
- What is the year-end adjusting entry on December 31, 2004?

Date	Accounts Title and Explanations	Debit	Credit
April 1	Equipment	7,000	
	Cash		7,000
Dec 31	Depreciation Expense	1,050	
	Acc. Depreciation		1,050

$$(7,000 \div 5) \times \frac{9}{12} = 1,050$$

5. Big Jack Company purchased \$900 value of supplies on November 17, 2004. A count of supplies on December 31, 2004, showed \$500 of supplies are still on hand.
- Record the journal entry on November 17, 2004.
  - Record the adjusting entry on December 31, 2004.

Date	Accounts Title and Explanations	Debit	Credit
Nov 17	Supplies	900	
	Cash		900
Dec 31	Supplies Expense	400	
	Supplies		400

II. (50%) Problem

From the Adjusted Trial Balance of Mary Moore Co, the accounts arranged by alphabetical order:

	Debit	Credit
L Accounts Payable		✓
L Accumulated Depreciation-Equipment	83,100	✓
A Cash	500	✓
Depreciation Expense	14,800	✓
Drawing	500	✓
A Equipment	2,600	✓
Fees Revenue	14,400	✓
Insurance expense	37,700	✓
E Mary Moore Capital	800	✓
Miscellaneous Expense	15,200	✓
A Prepaid Insurance	1,850	✓
A Prepaid Rent	830	✓
Rent Expense	500	✓
Salaries Expense	3,000	✓
L Salaries Payable	16,500	✓
A Supplies	200	✓
Supplies Expense	570	✓
	350	✓

10

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Required:

1. (10 points). Next to each account put a check mark to denote that the account has a normal debit or credit balance.
2. (20 points). Prepare an Income Statement, Statement of owner's Equity, and a Classified Balance Sheet.

Mary Moore Co  
Income Statement  
For the -----

Fees Revenue -----		\$ 37,700
Expenses:		
Depreciation Expense -----	\$ 500	
Insurance Expense -----	800	
Miscellaneous Expense -----	1,850	
Rent Expense -----	3,000	
Salaries Expense -----	16,500	
Supplies Expense -----	350	
		<u>23,000</u>
Net Income -----		\$ 14,700

Mary Moore Co  
Statement of owner's Equity  
For the -----

Mary Moore Capital; starting Balance	\$ 15,200
Add: Net Income -----	<u>14,700</u>
Subtotal	\$ 29,900
Less: Mary Moore Drawing -----	<u>(2,600)</u>
Mary Moore Capital; ending Balance	<u>\$ 27,300</u>

27,300

Mary Moore LLC  
 Balance Sheet  
 End of Period

10

Assets

Current Assets

Cash	\$ 14,800
Prepaid Insurance	530
Prepaid Rent	500
Supplies	570
<b>Total Current Assets</b>	<u>\$ 16,700</u>

Plant & Equipment

Equipment	\$ 14,400
Less: Acc. Depreciation	(500)
	<u>13,900</u>

Total Assets

\$ 30,600

Liabilities & Owners' Equity

Current Liabilities

Accounts Payable	\$ 3,100
Salaries Payable	200
<b>Total Current Liabilities</b>	<u>\$ 3,300</u>

Owner's Equity

Mary Moore Capital	27,300
--------------------	--------

Total Liabilities & owner's Equity

\$ 30,600

Social - LLC

3. (10%) Prepare Closing entries

10

Date	Accounts Title and Explanations	Debit	Credit
	Fees Revenue	37,700	
	Income Summary		37,700
	Income Summary	23,000	
	Depreciation Expense		500
	Insurance Expense		800
	Miscellaneous Expense		1,850
	Rent Expense		3,000
	Salaries Expense		16,500
	Supplies Expense		350
	Income Summary	14,700	
	Mary Moore Capital		14,700
	Mary Moore Capital	2,600	

Mary Moore drawing 2,600

W. J. Law



4. (10%)

Prepare a Post-Closing Trial Balance

10

Mary Hook Co  
After-Closing Trial Balance  
End of period.

Cash		
Prepaid Insurance	\$ 14,800	
Prepaid Rent	880	
Supplies	500	
Equipment	570	
	14,400	
Accumulated Depreciation		\$ 500
Account Payable		3,100
Salaries Payable		200
Mary Hook Capital		27,300
Total	\$ 31,100	\$ 31,100

Social  
CLC

GOOD LUCK

2010

2010



LEBANESE AMERICAN UNIVERSITY  
BYBLOS-LEBANON

Acc 201 – Principles of Accounting I  
Instructor: T. Assad  
Fall Semester – 2007

Test II  
Date: November 28, 2007  
Time: 9:00 – 10:00

Student's Name: \_\_\_\_\_

Student's ID: \_\_\_\_\_

Section: 31

Exercise	Grade	% of Total
1	10	10
2	5	10
3	20	20
4	54	<u>60</u>
Total	<u>89</u>	100

N.B. Make sure to read all questions. This exam booklet is composed of six pages. The end of the exam is a question found on page five. Page six is a scratch paper you can detach it if you want, provided you write your name on it. Good Luck

Social  
CLC

1. You run a motel and your clients pay you in cash on the checkout date. A client checked in on August 27 and checked out on September 10, with a package deal of \$1,200 for the whole period. What amount of revenue do you accrue by August 31? Record the adjusting entry.

\$1200 → 15 days (Aug. 27 → Sep. 10) } → R =  $\frac{1200 \times 5}{15} = 400$   
          ?                      5 days (Aug. 27 → Aug 31)

\* Account Receivable 400  
  Service Revenue 400

60

2. Real Losers, a diet magazine, collected \$360,000 in subscription revenue in May. Each subscriber will receive an issue of the magazine for each of the next 12 months, beginning with the June issue. The company uses the accrual method of accounting.

Prepare entries to record the receipt of the cash subscriptions and the monthly entry to record subscription revenue.

• May      Cash 360,000  
  Subscription Rev. 360,000

(Receipt of Cash subscription)

• June      Unearned Subscript<sup>n</sup> 30,000  
  Subscript<sup>n</sup> Rev. 30,000

(monthly entry  
 $\frac{360000}{12 \text{ mths}} = 30,000/\text{m}$ )

3. On October 1 of 2007, An equipment costing 12,000 was purchase by paying cash \$2,000 and signing a promissory note for \$10,000 at 2% to be settled in six months.

- a. Record the journal entry on October 1, 2007 date of purchasing the equipment.
- b. Record the year end adjusting entry for the equipment at December 31, 2007 assuming its useful life is 4 years.
- c. Compute the interest expense on the note issued above, and record the adjusting entry at December 31, 207 to accrue the interest.

a) Oct 1: Equipment 12000  
  Cash 2000  
  N/P 10,000

Deprec. expense =  $\frac{\text{Cost}}{\text{Useful Life}}$   
  =  $\frac{12000}{4 \text{ years}}$

b) Dec. 31: Depreciation Expense 750  
  Acc. Depreciat. Eqpt. 750

→ Depr. exp = 250 \* 3 mths  
  = 750

c) \*  $I = P \times R \times t = 10000 \times \frac{2}{100} \times \frac{3}{12} = 50 = \text{Interest Expense}$

⇒ Dec (31) \* Interest Expense 50  
  Interest Payable 50

90

# Social-CLC

4. Blum Services has the following unadjusted balances at year-end.

Cash	\$12,900
Prepaid insurance	2,000
Office supplies	1,300
Office equipment	10,500
Accumulated depreciation - office equipment	3,500
Accounts payable	2,900
Salaries payable	-0-
Unearned service revenue	4,500
Jackie Blum, capital	11,750
Jackie Blum, withdrawals	5,600
Service revenue	13,350
Salary expense	3,700

The following information is available to use in making adjusting entries.

- Office supplies on hand are year-end - \$250.
- Prepaid insurance expired during the year - \$325
- Unearned service revenue at year-end - \$2,500
- Depreciation expense for the year - \$1,800
- Accrued salaries at year-end - \$900

574

Required:

- Prepare all the necessary adjusting entries and update the accounts.

(a) Supplies Expense (1300-250) 1050

Supplies 1050

(b) Insurance Expense 325

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Prepaid Insurance 325

(c) Unearned Service Rev. 2500

Serv. Rev. 2500

15

(d) Depreciation expense 1800

Accumulated Depreciation 1800

(e) Salaries Expense 900

Salary Payable 900

paid insurance	325
----------------	-----

office supplies	1300	1050
Bal.	250	

off. Eqpt.	10500
------------	-------

Acc. Deprac.	3500	1800	Bal. 5300
--------------	------	------	-----------

S/P	-0-	900	Bal. 900
-----	-----	-----	----------

A/P	2900
-----	------

Unearned S.R.	4500	2500	Bal. 2500
---------------	------	------	-----------

salary expense	3700	900	Bal. 4600
----------------	------	-----	-----------

Service Rev.	13350	2000	Bal. 15350
--------------	-------	------	------------

Insurance Exp.	325
----------------	-----

Supplies Exp.	1050
---------------	------

Blum Services

b. Prepare an income statement

Blum Services  
Income St.  
for the period ended - - -

Revenues:

Service Revenue	\$ 15350
<u>Expenses:</u>	<u>9500</u>
Salary Expense	4600
Insurance exp.	395
Supplies exp.	1050
Depreciat exp.	1800
Total Exp.	\$ 7775

This is a liability account.  
not an income statement

✓ 12

Net Income	\$ 23,125
	12075 (7,575)

c. Prepare a balance sheet

Blum Services  
B. S.  
Period - - -

Current Assets:

Cash	19900
Prepaid Insurance	1675
Supplies	250
<u>Total C.A.</u>	<u>14825</u>

Current Liab:

A/P	2900
S/P	900
Unearned	2500
<u>Long term Liab:</u>	<u>None</u>

12

Fixed Assets:

Office Eqpt	10500
Less: Acc. Deprec. - Eqpt	(3500)
	5300
<u>Total F.A.</u>	<u>20,025</u>

Total Liab =	\$ 3800	6,300
Equity	13,725	
Capital	29,975	

Total Liab. & Eq.	33,075
	20,025

Agree

NOTE: Capital of Owner:

Beg. Capital	11750
Add: Net Income	23,125
Subtotal	34,875
Less: withdrawals (5600)	
Ending Capital	29,275

d. Prepare closing entries.

\* Income Summary 7775

Salary Exp.	4600
Ins. Exp.	325
Supplies exp	1050
Deperiat exp.	1800

\* Service Revenue 15350

Income Summary 15350

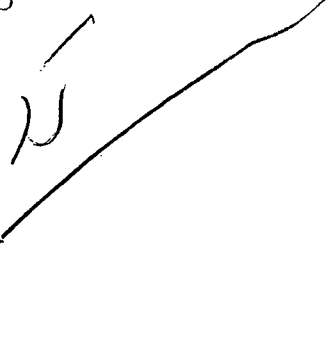
\* Income Summary 7575

**SOCIAL**  
 Cap service  
 @ your social 7575

\* Capital

5600

withdrewls. 5600



Income Summary	
75	15350
<hr/>	
	7575
	1300

Capital	
	11750
5600	7575
<hr/>	
	13725

Drawls.	
	5600

# Social. clc

2000. 10. 10



# Social

Test (3)  
Chps. 5 & 6

(1)

1. Reid Art Supply Company uses a perpetual inventory system. The company had the following transactions during August, 2009. Prepare journal entries to record these transactions.

Aug. 5 Reid Company purchased \$2,900 of merchandise on account. Freight and credit terms were FOB shipping point, 3/15 n/60.

Aug. 9 Reid Company paid transportation costs of \$440 for the Aug. 5 purchase.

Aug. 10 Reid Company returned \$600 of defective merchandise that had been purchased on Aug. 5.

Aug. 15 Reid Company paid for the merchandise purchased on Aug 5.

Aug 5.	Merchandise Inventory	-----	2,900	
	Accounts Payable	-----		2,900
9.	Merchandise Inventory	-----	440	
	Cash	-----		440
10.	Accounts Payable	-----	600	
	Merch. Inventory	-----		600
15.	A/P (2,900 - 600)	-----	2,300	
	Merch. Inv.	-----		69
	cash (2,300 x 0.97)	-----		2,231

2. On November 1, 2009 Everett Janitorial Supply sold merchandise for \$5,000, FOB destination, 2/10 n/30. The merchandise had cost \$3,200. Everett paid transportation costs of \$100.

On November 6, 2009, merchandise of \$1,000 from the Nov. 1 sale was returned. The returned merchandise had cost \$600. Everett received payment for the balance of the sale on November 10, 2009.

Journalize the entries for these transactions.

NOV 1.	Accounts Receivable	-----	5,000	
	Sales	-----		5,000
	Cost of goods sold	-----	3,200	
	Merchandise Inventory	-----		3,200
	Delivery Expense	-----	100	
	Cash	-----		100
NOV 6.	Sales Return & Allow.	-----	1,000	
	A/R	-----		1,000
	Merchandise Inventory	-----	600	
	Cost of goods sold	-----		600

Cash	-----	13,920
Sales Disc	-----	80
A/R	-----	4,000

3. Austin Company uses a periodic inventory system. Assume the following data for 20x5:

Beginning inventory 10 units at \$7 each

March 18 purchase 15 units at \$9 each

June 10 purchase 20 units at \$10 each

October 30 purchase 12 units at \$11 each

On December 31, a physical count reveals 15 units in ending inventory.

Required: Determine the ending inventory using FIFO

$$EI = (12 \times 11) + (3 \times 10) = \$162$$

$$(12 @ 11) + (3 @ 10)$$

4. Indicate whether the following accounts are (a) closed with a debit, (b) closed with a credit, or (c) not closed.

Number	Answer (a, b, or c)	Account
1	a	Sales Revenue
2	b	Sales Returns and Allowances
3	b	Salary Expense
4	c	Inventory
5	b	Depreciation Expense
6	c	Accumulated Depreciation
7	c	Accounts Receivable
8	a	Interest Revenue
9	b	Interest Expense
10	b	Cost of Goods Sold

# SOCIAL

3

5. The adjusted trial balance for Wilson Computer Sales is presented below.

Wilson Computer Sales  
Work Sheet  
For the Year Ended December 31, 2010

Accounts	Adjusted Trial Balance	
	Debit	Credit
Cash	15,000	
Accounts Receivable	29,000	
Inventory 1/1/2010	100,000	
Prepaid insurance	7,000	
Office supplies	3,000	
Equipment	75,000	
Accumulated depreciation		8,500
Accounts payable		12,000
Salaries payable		2,000
Unearned service revenue		25,000
Mortgage payable(Long Term)		100,000
Mark Wilson, capital		85,500
Mark Wilson, withdrawals	23,000	
Sales revenue		389,000
Sales returns and allowances	12,000	
Sales discounts	36,000	
Purchases	180,000	
Purchase returns and allowances		26,000
Purchase discounts		52,000
Freight in	11,000	
Salaries expense	150,000	
Depreciation expense	6,000	
Supplies expense	4,000	
Insurance expense	14,000	
Utilities expense	35,000	
	<u>700,000</u>	<u>700,000</u>

Refer to the adjusted trial balance for Wilson Computer Sales above. One adjustment has NOT been done. The physical inventory amount at the end of the year is \$75,000. The company uses the periodic inventory system.

Required:

A. From the above, compute

- The net sales =  $389,000 - 12,000 - 36,000 = \$ 341,000$
- The net purchases =  $180,000 - 26,000 - 52,000 = \$ 102,000$
- The cost of goods purchased =  $102,000 + 11,000 = \$ 113,000$
- The cost of goods available for sale =  $113,000 + 100,000 = \$ 213,000$
- The cost of goods sold =  $213,000 - 75,000 = \$ 138,000$

B. Prepare a condensed income statement using the obtained figures above

Net Sales	-----	\$ 341,000
Cost of goods sold	-----	138,000
Gross Profit	-----	<u>203,000</u>
Expenses		
Salaries Expense	-----	\$ 150,000
Depreciation Expense	-----	6,000
Supplies Expense	-----	4,000
Insurance Expense	-----	14,000
Utilities Expense	-----	<u>35,000</u>
		<u>(209,000)</u>
Net Loss		<u>\$ ( 6,000 )</u>

C. Prepare a Classified Balance Sheet

Assets		Liabilities & own. EQ	
Current Assets		Liabilities:	
Cash	----- \$ 15,000	Current liabilities	
Ac Rec	----- 29,000	A/P	----- 12,000
Inventory	----- 75,000	S/P	----- 2,000
Prepaid Insurance	----- 7,000	Un. serv. Rev	----- 25,000
Office Supplies	----- 3,000	Total Current liab	<u>39,000</u>
Total Current	\$ 129,000	Long-Term liab	
Plant & Equip		Mortgage/Pay	----- 100,000
Equipment	----- \$ 75,000	Total liabilities	<u>\$ 139,000</u>
Acc. Deprec	----- (8,500)	Owner's Eq	
	<u>66,500</u>	M.W. Capital	<u>56,500</u>
Total Assets	<u>\$ 195,500</u>	Total liab & OE	<u>\$ 195,500</u>

*Notes: Ending Inv. #85,000; End of capital = 85,000 - NET loss = 85,500*

# Social - c/c

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Lebanese American University  
Byblos, Lebanon  
School of Business

Acc201 - Section 32  
Spring 2007 - Exam III

May 29 2007

Name: \_\_\_\_\_

ID#: \_\_\_\_\_

**Problem I (20%)**

The records of Harbor, Inc., showed the beginning inventory balance of Item T12 on January 1 and the purchases of this item during the current year to be as follows:

Jan. 1	Beginning inventory.....	900 units @ \$10.00	\$ 9,000
Feb. 23	Purchase.....	1,200 units @ \$11.00	13,200
Apr. 20	Purchase.....	3,000 units @ \$11.20	33,600
May 4	Purchase.....	4,000 units @ \$11.60	46,400
Nov. 30	Purchase.....	900 units @ \$13.00	11,700
Totals	G.A.F.S.....	10,000 units	\$113,900

At December 31 the ending inventory consisted of 1,500 units

**Instructions:**

Determine the cost of the ending inventory, based on each of the following methods if inventory valuation under the periodic inventory system.

a) Average Cost

$$\frac{113900}{10000} = 11.39$$

$$\frac{\text{Total Cost}}{\text{Total Units}} = \frac{113900}{10,000} = \$11.39 = \text{Cost/unit}$$

$$\text{Cost/unit} \times \text{units of EI} = \$11.39 \times 1500 = \boxed{\$17,085 \text{ EI}}$$

Cost of ending inventory:  $1500 \times 11.39 = 17085$

b) First-in, First-out (FIFO)

10

Cost of ending inventory - 1500 units = 19500

x CO. G. A. F. S ----- \$ 113,900

Less: EI

{ Nov. 30 (900 @ \$13)

{ May 4 (600 @ \$11.6)

FI  
 $\boxed{\$18660}$

⇒ C.O.G.S = COG.A.F.S - EI ⇒ 113900 - 19500 = 94400

y LIFO (periodic) 8  
 \* COGS (F.F.S) - - - - -  
 less EI  
 - Jan. 15 (900 @ \$10)  
 - Feb. 23 (600 @ \$11)

\$113900  
 \$15600 EI ⇒ COGS = 113900 - 15600 = \$98300

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**Problem II (15%)**

Listed below are the amounts relating to income of Leather Bandit for the three-month period ended March 31, 2007.

Sales .....	\$500,000
Sales returns & allowances .....	15,000
Sales discounts .....	7,800
Cost of Goods Sold .....	302,000
Operating expenses .....	80,000
Other expenses .....	21,400

Given  
 ↓  
 3 months period is used

**Instructions:**

- a) Prepare a multiple-step income statement for the 3-month period.

Leather Bandit  
 Income Statement  
 for 3 month period ended March 31, 07

Sales	\$500,000 ✓
Less: Sales returns & allowances	(15,000)
Less: Sales discounts	(7,800)
Net Sales	\$477,200 ✓
Less: COGS	(302,000) ✓
Gross Profit	\$175,200 ✓
Less: operating exp.	(80,000) ✓
Income before operating & other exp.	(95,000) ✓
Less: other exp.	(21,400)
Net income	\$73,600

2) Income before operating & other exp.

# Social etc

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Problem III(40%)

Record each of the following transactions, assuming:

- Aug. 2 Purchased merchandise on credit from Gear Company, terms (2/10, n/30), FOB shipping point, \$2,300.
- 3 Received bill from State Shipping Company for transportation costs on August 2 shipment, terms n/30, \$210.
- 7 Returned damaged merchandise received from Gear Company on August 2, for credit \$300.
- 10 Paid in full the amount due to Gear Company for the purchase of August 2, part of which was returned on August 7.

a. ) The perpetual inventory system is used.

Date	Account Title	Debit (\$)	Credit (\$)
2	Inventory	\$2300	
	A/P		\$2300
	2/10, n/30		
3	Inventory	\$210	
	Cash		\$210
	n/30		
7	A/P	\$300	
	Inventory		\$300
10	A/P	\$2000	
	Cash		\$2000
	Inv.		40

$$\frac{2300}{2000} = 1.15$$

5

26 6002

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b. ) The periodic inventory system is used

Date	Account Title	Debit (\$)	Credit (\$)
2	Purchases	\$ 2300	
	A/P		\$ 2300
	2/10, n/30		
3	Freight in	\$ 210	
	A/P		\$ 210
	- n/30		
7	A/P	\$ 300	
	Purch. let. of All		\$ 300
10	A/P	\$ 2000	
	Cash		\$ 2000
	Purcg dis.		1960
			40

5

**Problem IV (20%)**

Suppose Prentice Hall sells 1,000 books on account (terms 2/15, n/30) for \$15 each. The cost of each is \$8. 100 of these books were damaged in shipment and returned. Then the customer paid the balance due.

Journalize Prentice Hall's transactions using the perpetual inventory system.

a. Sale

A/R \$ 15000  
     Sales Rev. \$ 15000 ✓  
 COGS \$ 8000  
     Inventory \$ 8000 ✓



# Social

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b. sale return

Sales Rev. \*1500  
AIR \*1500  
inventory \*800  
COGS \*800

c. cash collection within the discount period

Cash \*13230  
Accounts \*770  
AIR \*13800  
 $13500 \times 97\% = 13080$

AIR  
15000  
1500  
13500

d. cash collection after the discount period

Cash \*15000  
AIR \*15000  
13,500

-2

Problem (5%) NOT included

Assume at the end of the accounting period of Colombia Sportswear, the inventory records shows the following:

- 10 tennis rackets @ \$50 = \$500
- 6 footballs @ \$30 = \$180

However the market value of the tennis racket is currently \$45 and of the football is \$35.

Prepare the adjusting entry in order to apply the lower-of-cost-or-market rule (LCM) at the end of the period.

adjusting entry (tennis):  $50 \times 45 = *5 \Rightarrow$  loss.

COGS \*5  
Inventory \*5  
 $5 \times 10 = 50$

adjusting entry (footballs): no adjusting entry.

Good Luck!!!

Previous Final  
**LEBANESE AMERICAN UNIVERSITY**  
**BYBLOS, LEBANON**

**ACC201-SECTION 32**  
**Spring 2006 – Final Exam**

June 20, 2006

**Problem I (16%)**

Pat McNally opened a secretarial school called VIP Secretarial Training.

- a. He contributed the following assets to the business
  - Cash \$5,700
  - Computers 4,300
  - Office Equipment 3,600
- b. Found a location for his business and paid the first month's rent, \$260.
- c. Paid for a 24-month insurance policy, \$2,400.
- d. Purchased supplies on account, \$330.
- e. Billed the enrolled students their tuition fees, \$1,300
- f. Paid an assistant one week's salary, \$220.
- g. Paid for the supplies purchased on credit in (d), \$330.
- h. Transferred cash to a personal checking account, \$300.

**Instructions:**

Journalize the above transactions.

**Problem II (9%)**

On June 15, the Jackson Company sold merchandise for \$2,600 on terms of 2/10, n/30 to Clement Company. On June 20, Clement Company returned some of the merchandise for a credit of \$600, and on June 24, Clement paid the balance owed.

Give Jackson's entries to record the sale, return, and receipt of payment under the perpetual inventory system.

(The cost of merchandise sold on June 15, was \$1,500, and the cost of merchandise returned to inventory on June 20 was \$350.)

**Problem III (3%)**

At the end of October, Mafa Company management estimates the uncollectible accounts expense to be 1% of net credit sales of \$2,770,000. Give the entry to record uncollectible accounts expense, assuming that the Allowance for Uncollectible Accounts has a debit balance of \$14,000.

**Problem IV (6%)**

Key Company, which uses the allowance method, has an account receivable from Sandy Burgess of \$4,400 that is deemed to be uncollectible. Prepare the entries on May 31 to write off the account and on August 13 to record an unexpected receipt from Burgess of \$1,000. The company does not expect to collect more from Burgess.

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**Problem V(18%)**

On June 30, the end of the current fiscal year, the following information was available to aid the Sterling Company's accountants in making adjusting entries.

- a. Among the liabilities of the company is a mortgage payable in the amount of \$240,000. On June 30, the accrued interest on this mortgage amounted to \$12,000.
- b. On Friday, July 2, the company, which is on a five-day work week and pays employees weekly, will pay its regular salaried employees \$20,000.
- c. The Supplies account showed a beginning balance of \$1,615 and purchases during the year of \$3,300. The end-of-year inventory revealed supplies on hand of \$1,200 *- 1/2 supplies from initial*.
- d. The following table contains the cost of assets with the estimated useful life, all were purchased before the current year.

Account	Cost	Useful life
Buildings	\$185,000	20 years
Equipment	218,000	10 years

- e. On June 1, the company completed negotiations with another client and accepted a payment of \$24,000, representing one year's services paid in advance. The \$24,000 was credited to Prepaid Revenue.

**Instructions:**

Prepare adjusting journal entries for each item listed above.

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**Problem VI (16%)**

The following information is available for Pagan Company as of June 30, 2006.

- a. Cash on books as of June 30 amounted to \$56,000. Cash on the bank statement for the same date was \$69,400.
- b. A deposit of \$7,200, representing cash receipts of June 30, did not appear on the bank statement.
- c. Outstanding checks totaled \$3,600.
- d. A check for \$1,210.00 returned with the statement was recorded in the cash payments journal as \$1,010.00. The check was for advertising.
- e. The bank collected to Pagan Company \$18,200.00 on a note. The face value of the note was \$18,000.00
- f. An NSF check for \$560.00 from a customer, Louise Bryant was returned with the statement.
- g. The bank mistakenly deducted a check for \$400.00 drawn by Sherod Corporation.
- h. The bank deducted \$40 in charges.

**Instructions:**

1. Prepare a bank reconciliation for Pagan Company as of June 30, 2006.
2. Prepare the journal entries necessary from the reconciliation.
3. State the amount of cash that should appear on the balance sheet as of June 30.

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**Problem VII (8%)**

Accounts Receivable of Herrera Company shows a debit balance of \$104,000 at the end of the year. An aging analysis of the individual accounts indicates estimated uncollectible accounts to be \$6,800. Give the general journal entry to record the uncollectible accounts expense under each of the following independent assumptions:

- a. Allowance for Uncollectible Accounts has a credit balance of \$800 before adjustment.
- b. Allowance for Uncollectible Accounts has a debit balance of \$800 before adjustment.

What is the balance of Uncollectible Accounts after each of these adjustments?

**Problem VIII (15%)**

Prepare general journal entries to record these transactions.

- Jan. 5 Accepted a \$2,400, 60-day, 10% note dated this day in granting a time extension on the past-due account of A. Jones.
- Mar. 6 A. Jones paid the maturity value of his \$2,400 note.
- 9 Accepted a \$1,500, 60-day, 12% dated this day in granting a time extension on the past-due account of S. Smith.
- May 8 When asked for payment, S. Smith dishonored his note.
- June 7 S. Smith paid in full the maturity value of the note.

**Problem IX (9%)**

- a- List the steps in the accounting process in the order in which they should be completed in each accounting period.
- b- Which accounts are closed in the closing entries?
- c- List the three major financial statements that are prepared at the end of every accounting period

- a.
- 1- Journalize
  - 2- Post to ledger
  - 3- Trial Balance
  - 4- Adjust
  - 5- Closing
  - 6- Update ledger
  - 7- Adjusted Trial Bal.
  - 8- Financial Statements ← I.S., B.Sheet, St. of O.E.

Good Luck!!!

(b) Acct. Closed are: Expense - Revenue - Capital Withdrawals - Sales

Social

Previous Final

(2)

LEBANESE AMERICAN UNIVERSITY  
BYBLOS, LEBANON

ACC201-SECTION 33  
Fall 2005 - Final Exam

CK

February 2, 2006

Time : 2 hours

Problem I (15%)

The following information relating to the bank checking account is available for Music Hall at July 31:

- Balance per Bank Statement...\$20,700
- Balance per Books.....\$15,926
- Outstanding checks.....\$6,500
- Error in recording CK#527 for utility expense:  
written in the amount \$463 but recorded as  
\$643
- Deposits in transit...\$1,900.
- Service charge by bank \$6

SOCIAL  
Always @ your service

**Instructions:**

- 1- Prepare a bank reconciliation for Music Hall at July 31.
- 2- Prepare necessary entries to adjust the accounts.

Problem II (18%)

Kay Young opened a dental practice on January 1, 2005. During the first month of operations the following transactions occurred.  
Prepare the necessary adjusting entries at the end of the accounting period at January 31, 2005.

- 1- Performed services for patients who had dental insurance. At Jan.31, \$750 of such services was earned but not yet billed to the insurance company.
- 2- Utility expenses incurred but not paid totaled \$650.
- 3- Purchased Dental equipment for \$60,000 signing a 3-year note payable . The equipment depreciates \$400 per month. Interest is \$600 per month.
- 4- Purchased a one year insurance policy on January 1, 2005 for \$12,000.
- 5- Purchased \$1,800 of dental supplies. On January 31, \$500 of supplies remained on hand.

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**Problem III (10%)**

The ledger of the Pay Company at the end of the current year shows Accounts Receivable \$90,000, Sales \$840,000, and Sales Returns and Allowances \$40,000.

**Instructions:**

If Allowance for Doubtful Accounts has a credit balance of \$900 in the trial balance, journalize the adjusting entries at December 31, assuming bad debts are expected to be

- 1- 1% of net sales
- 2- 10% of accounts receivable.

**Problem IV (12%)**

Selected account balances of Pay Company for the year ended December 31, 2005 follow:

Account Name	Debit	Credit
✓ Sales		\$250,000
Sales Returns and Allowances	\$ 10,200	
Sales Discount	6,000	
✓ <u>Cost of Goods Sold</u>	100,000	
✓ Randy Pay, Drawing	30,000	
✓ Selling Expenses	35,500	
✓ <u>General and Administrative Expenses</u>	47,000	

**Instructions:**

Prepare closing entries at year-end.

**Problem V (10%)**

Gerald Engle Co. has the following inventory , purchases and sales data for the month of March:

			<u>Total</u>
Inventory	March 1	200units @ \$4	\$ 800
Purchases	March 10	500units @ \$4.50	\$2,250
	March 20	400units @ \$5	<u>\$2,000</u>
			\$5,050
Sale	March 15	500units @ \$10	<u>5000</u>
		<u>600units</u>	<u>\$10,050</u>

**Instructions:**

- 1- Assuming the periodic inventory system. Determine the cost of ending inventory and the cost of good sold at March 31 under the average cost method.
- 2- Assuming the perpetual inventory system. Determine the cost of good sold and the cost of ending inventory at march 31 under the LIFO method.

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**Problem VI (15%)**

Varsity Auto Sales uses a perpetual inventory system. On April 1, the new cars inventory records show total inventory consisting of the following:

Model	Units	Unit Cost	Total Cost
Sedans	1	\$14,000	14,000
Convertibles	3	\$16,000	48,000
Vans	2	\$18,000	36,000

*Co. A.F.S*

During April the following <sup>6 units</sup> purchases and sales were made: 98,000

- April 5 Purchased three sedans for \$14,000 each on account.
- 7 Sold two sedans for \$18,200 each on account.
- 10 Purchased two vans for \$19,000 each on account
- 20 Sold one van for \$21,000 on account (The Co. uses FIFO)
- 25 Returned one of the vans purchased on April 10 for \$19,000 credit.

**Instructions:**

Prepare the journal entries for the above transactions.

**Problem VII (20%)**

Indiana Supply Co. has the following transactions related to notes receivable.

- Dec. 11,05 Sold goods to R.Right, receiving a \$3,600, 60-day, 12% note.
- 16,05 Received a \$4000, 3-month 12 % note on account from Barnes.
- 31,05 Accrued interest revenue on all notes receivable.
- Feb. 9,06 Received payment from R.Right for the note issued on Dec. 11,05.
- Mar. 16,06 Barnes dishonored the note but he is expected to pay at a later date.
- April 20,06 Barnes went Bankrupt and will not pay account. Indiana Supplies uses the direct write off method for uncollectible A/R.

**Instruction:**

Journalize the above transactions.

**GOOD LUCK!!**





3-

Accounting:

6-7-8

Subject:

Teacher:

Date:

28

writing off => canceling the account from the book.

=> \$ 600 into expense => overstated expense because with the aging method, a part of the 600 \$ is already converted into expense at the end of each acc. period

29

Direct approach => No account called Allowance for uncollectible account

30

Step 1: **SOCIAL** restate the account in the book Always reverse the writing-off @ your service

Step 2: acc/receivable into cash

**SOCIAL**  
Business days @ your service  
Banking days  
Finance

360 days

30 days / month

39

Interest entry

43

Notes receivable not paid => Receivables. Oct 30 => paying based on a new note => Acc

~~17-18-19~~ pricing

9. Captive product pricing?  
=> Gillette

u buy the product but after a certain time u should add an item so u can use the product

10. Product bundle prices

11. Promotional pricing:

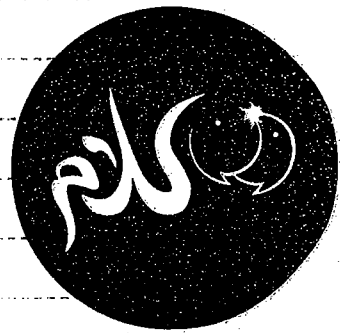
Buy one get one free BOGOF

12. Geographical pricing:

=> affected by the geographical market  
=> cost of transportation and insurance

13. Value pricing

=> Country who have recession or depression



Subject:

Teacher:

Date:

5 - Psychological pricing:  
used for:

1 - Psychological reason

2 - Sale Tax (U.S)

2 - 5%

2,99 - 5%

3 - 6%

6 - Product line pricing:

Instead of buying one product u buy many products but **SOCIAL** by saving money.

=> saving money

(u may not always @ your service using them all => u'll be lossin money)

7 - Pricing Variation:

• Early booking discount

• Cash back => 1<sup>st</sup> time => Chrysler when u receive cash u don't pay taxes.

8 - Optional product pricing:

Smth add to the product => price will increase.

Subject:

Teacher:

Date:

## Pricing strategy:

### • Market entry strategies:

#### - Market skimming price:

1. Product has desirable distinct features.

=> price at the highest

2. Product is protected from competition.

=> Look at the quality to be protected from the competitor

### • Pricing strategies:

#### 1. Premium pricing:

high price - high quality product or service.

#### 2. Penetration pricing:

Penetrate the market => expand and control the whole market.

We begin at low prices and then we begin to increase our prices.

#### 3. Economic pricing.

low prices => the company can achieve the economy of scale (efficiency).

#### 4. Price skimming.

New product -> New features => Monopolize the market => highest price => Decreasing the prices when competitors enter

Subject:

Teacher:

Date:

• Pricing objectives:

1 - Profit oriented objective

=> Increase sales and make profit.

2 - Sales oriented

=> **SOCIAL** sales (with or without maximizing profit)

Always @ your service

3 - Status

=> stabilize - Meet competitors

# Price determination (2 chapters combined)

Subject:

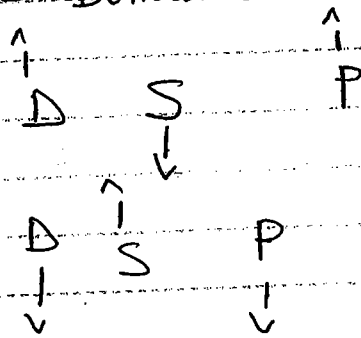
Teacher:

Date:

- Price: The amount of money u pay to purchase the product.  
Money or exchange.

The price is affected by different factors:

- 1 - Quality.
- 2 - The Demand and supply of the market



$$3 - P = \underbrace{TC}_{\downarrow} + \% \text{ profit}$$

$$\underbrace{TFC}_{\text{Total fixed cost}} + \underbrace{TVC}_{\text{variable}}$$

Break even  $\Rightarrow$  TFC is paid so

$$TC = TVC$$

Subject:

Teacher:

Date:

### \* Public Relations:

- Working on the image of the prod company / create positive image.
- It's a management tool designed to favorably influence attitudes towards an org., its products, and its policies.
- No need for media.
- Be socially responsible.

### SOCIAL

- Publicity: It's any communication about an organization, its products, or policies through the media not paid for by the org.

A News story appearing in the media.

The charge of ads increase when the market share of the station increase.

## - Organizing for advertising

### 1 - Internal departments (In house)

\* Feedback is perfect

\* Saving money

\* but don't have a lot of experience in the market.

### 2 - Advertising agencies?

\* Specialists in the requirements of the market. => experience from other products.

\* High cost

\* but bad feedback for the company.

### 3 - The combination of both:

Inside Department and outside agency  
=> The perfect campaign for the product.

\* Sales promotion:

- Demand-stimulating devices designed to supplement advertising and facilitate personal selling.

- Objectives:

1 - Motivate people to buy the product

2 - Get rid of stocks available

3 - Overcome competitors (Department who starts first)

4 - Try to keep a high market

• Business and consumer goods.





~~XXXXXXXXXX~~

115 863

~~XXXXXXXXXX~~

Subject:

Teacher:

Date:

- Objectives of an advertising campaign:
- Market Share {
- 1 - Create awareness
  - 2 - convince / Motivate
  - 3 - Image
  - 4 - Support personal selling
  - 5 - Attack competitors

### - Evaluation of the Campaigns:

Difficulties:

- 1 - Different objectives and msg
- 2 - Effects ~~observing~~ your service
- 3 - Measurement problems

Methods used to measure effectiveness

- 1 - Direct tests (coupons ...)
  - 2 - Indirect tests (measuring of something other than actual behavior)
- Recognition of a certain ad
  - Aided recall
  - Unaided recall => any ad to a certain product

But the increase of the sale for the short and the long term will prove that the advertising plan is working

Subject:

Teacher:

Date:

- Developing an advertising campaign:  
Def: Advertising campaign consists of all the tasks involved in transforming a theme into a coordinated advertising program to accomplish a specific goal for a product or brand.

• The elements of an advertising plan:  
1 - A message => coming from the org. toward the audience  
Get the attention of the intended audience and influence that audience in the desired way

2 - A Target Market  
Potential customers.

3 - Media.  
Which media is the most useful relative to the level of education, the infrastructure  
=> Television => visual effects  
=> Radio => Imagination of the audience

4 - Advertising agency.

5 - Budget (based on the sales, the cost, ...)

Subject:

Teacher:

Date:

Primary-demand advertising (coffee, electricity)  
1. When the product is in the introductory stage.

It's called pioneering advertising.  
It's used to inform.

2. Throughout the product life cycle.  
It's called demand-sustaining advertising.

It's done to try to stimulate or sustain demand for their industry's product.  
SOCIAL  
Always @ your service

Selective demand advertising:  
(stimulate demand by individual brands)  
1. When a product is beyond the introductory stage and is competing for market share.

It emphasizes a brand's special features and benefits - Differential advantage.

2. Comparison advertising:

Subject: Marketing Teacher:

17-18-19.

Date:

## Chapter 19: Advertising, Sales promotion, and Public relations:

### \* Advertising:

- Def: Advertising consists of all the activities involved in presenting through the media a non-personal, sponsor identified, paid-for message about a product or an organization.

Advertising is important because the amount of money spent on it is huge!

We identify the sponsor because:

1. he paid!
2. The sponsor is liable to the consumer if the product is not what it looks like.

- Types of advertising:

The target

① Consumer and business:

Manufacturers + distributors + All retailers advertise to consumer  $\Rightarrow$  Pull strategy.

Business to business  $\Rightarrow$  using personal

② the type of demand Primary and selective:



Subject:

Teacher:

Date:

5 - Sales jobs involve considerable time away from the company or traveling away from home.

6 - Sales reps who generate the real revenue that are the life blood of an organization.

> The personal selling process:

1 - Prospecting: Identifying Profiles / leads / records and willingness  
Qualifying Capability

2 - Preapproach: Information Habits beliefs Behavior } Study the prospect customer

3 - Presentation: Attention Interest Desire Action } must be flexible.

4 - Post sale: Reduce dissonance (anxiety) Build good will  
Service  
=> No errors (customer satisfaction)

Subject:

Teacher:

Date:

- Types of personal selling:

- \* Inside selling  $\Rightarrow$  customers come to the sales people
  - We include sales people in stores or telephone orders.
  - Replaced by purchasing done on the internet.
  - Retailing: piece by piece
- \* Outside selling  $\Rightarrow$  Sales people go to the customer
  - directly to households consumers
  - Non profit organization

- Uniqueness of sales jobs:  
Features that differentiate sales jobs from other jobs in the company:

- 1 - Sales people are typically the most visible representatives of their company to customers and to society in general.
- 2 - Sales representatives operate with limited direct supervision  $\Rightarrow$  be creative and persistent and show considerable initiative  $\Rightarrow$  high degree of self-motivation.
- 3 - Sales people have more rejection than accept. They feel the rejection more than the other employees.

- Difficulties in attracting the quality of people needed to the job.

- Personal selling is likely to be emphasised in a promotion mix when:

1 - The market is concentrated (little space / easy to get).

2 - The product has high unit cost  
• = = is technical in nature  
= = requires demonstration

3 - The product can be tailored to an individual customer's need.

=> insurance

4 - The value of the product is not readily apparent to the prospect  
=> explain the benefits of the product.

5 - The org. doesn't have enough money to sustain an advertising campaign.

6 - The product is in the introductory stage of its life cycle.

=> Give the product a push + awareness





Subject:

Teacher:

Date:

## Chapter 18: Personal selling and sales management

\* Personal selling?

- The personal communication of info to persuade somebody to buy or do something.

- A form of personal selling occurs in nearly every human interaction.

- It's the <sup>Always @ your service</sup> Major method

- 8% to 15% of sales.

- More flexible than other promotion mix elements.

⊕ - Tailor the presentation to fit the behavior and the needs of individual customers => Make adjustment on the spot too.

⊕ - Goal = Make a sale. (Wasted effort decrease).

- Cost of operating a sales force is high.

\* The Promotion budget  
Promotional activities  $\Rightarrow$  current operating expenses

Methods of

1. Percentage of Sales:  
past or anticipated sales  
Variable expense

$\Rightarrow$  Promotion budget decrease when sale decrease and vice versa  $\Rightarrow$  when it is most needed.

2. Percentage of Gross profit

3. All Available Funds:

Objective  $\Rightarrow$  Market share and sales as rapidly as possible.

The beginning of the business.

4. Following competition

- Weak Method -  $\Rightarrow$  different stage in the life cycle.

- In proportion to market share.

- Problems: - A firm's competitors may just as much in the dark regarding how to set a promotional budget

- Difference in strategic marketing planning

5. Task or objectives: Build Best - Goals -



Subject:

Teacher:

Date:

### ③ Nature of the product:

a - Unit Value:  
high unit value  $\rightarrow$  personal selling  
low  $\rightarrow$  Advertising

b - Customization:  
high  $\rightarrow$  Personal selling / Internet  
or efficiently with advertising

c - Pre-sale and post-sale services  
Frequent servicing to stay in good working order  $\rightarrow$  Personal selling

### ④ Stage in the product life cycle

Intro  $\rightarrow$  Advertising 4 costomers  
 $\rightarrow$  Personal selling 4 Middlemen  
 $\rightarrow$  Publicity  
(All promotion mix available)

### ⑤ Available funds:

low budget approach  $\rightarrow$  Imagination of the marketers  
Viral Marketing & Customers spread into weblogs  $\Rightarrow$  websites linked to others

## ② Promotion Objectives:

Hierarchy of effects  
=> (at the prospect to the final or purchase stage (he has to move through the earlier stages).

- a. Awareness (The existence of the product) - Familiarity)
- b. Knowledge (learn about the product's features)
- c. Liking How the market feels about the product -> being indifferent -> liking the brand -> associating an attractive symbol or person.
- d. Preference Distinguishing among brand to find the brand more attractive than alternatives  
-> Ads with comparison.
- e. Conviction Entails the actual decision or commitment to purchase.  
Increase the strength of the buyer's need.
- f. Purchase. (Might be delayed)



Subject:

Teacher:

Date:

d - A coordinated promotional effort in which the promotional mix communicates a consistent message tailored to the audience's info needs.

Designing the promotion mix?  
We should take in consideration:

### ① Target Market

Business product & consumer goods that

do not  
have a  
strong  
brand  
identity

Push strategy: A channel member directs its promotion **SOCIAL** Always @ your service middleme that are next link forward in the distribution channel.

Personal selling and sales promotion  
Consumer products

- Directed at end users

- Motivate them to ask the Retailer for the product

Advertising, consumer sales as premiums, samples, in-store demonstration.

- Comparison between P.R and advertising:
  - \* Not paid for.
  - \* No control over the msg in the publicity.
  - \* Appear as a news  $\Rightarrow$  have more credibility than advertising.
- News release - conference - photographs.

### \* I M C : Integrated Marketing Communication

- It's a strategic business process used to plan, develop, execute and evaluate a coordinated, measurable, persuasive communications with an organization's audiences.
- I M C begins with a strategic planning effort designed to coordinate promotion with product planning, pricing and distribution - The other Marketing Mix.

### • I M C Elements

- a - Awareness of the target audience's information sources  $\Rightarrow$  where to promote.
- b - An understanding of what the audience knows and believes that relates to the desired response  $\Rightarrow$  what the info that should be included in the promotion to motivate them.
- c - The use of mix of promotion tools, each with specific objectives but all contributing to a common goal.



Subject:

Teacher:

Date:

- face-to-face / over the phone
- Business Goods  $\Rightarrow$  Raw materials  
Shopping and sought goods
- More money is spent on personal selling than on any other form of promotion.

## ② Advertising:

- Nonpersonal mass communication paid for by a clearly identified sponsor promoting a wide array of products, or organization.
- Media - TV, Radio, Print, Internet.
- Sponsors  $\rightarrow$  pay.  
 $\rightarrow$  liable / responsible for the info in the ad.

• Used for convenience goods.

## ③ Sales promotion: Chapter 19.

## ④ Public relations:

- Wide variety of communication efforts to contribute to generally favorable attitudes and opinions toward an org. and its product.
- It doesn't include a specific sales message.

Victoria O.

## Chapter 17: Integrated Marketing Communication:

- \* Promotion includes all the means by which a company communicates directly with potential customers.
- \* Promotion is an attempt to influence feelings, beliefs or behavior.
- \* It's an attempt to shift the demand curve for a firm's good or service.
- \* Management wants promotion to increase the attractiveness of a product so the quantity demanded will decline very little when prices goes up (inelastic demand) and sales increase considerably if prices goes down (elastic demand).
- \* Three essential promotional roles: Informing - Persuading - Reminding target audience. (These roles define promotion).
- \* Promotional Methods - Promotional Methods
  - ① Personal selling:  
The direct presentation of a product to a prospective customer by a representative of the organization selling.





Victoria O.

Subject:

Teacher:

Date:

## Chapter 10: Managing Human Resources:

\* Why is human Resource Management important?

1. It can be a significant source of competitive advantage: People-oriented H.R gives an organization an edge by creating superior shareholder value.

2. HRM is an important part of organizational strategies => achieving competitive success through people. Always @ your service Managers must work with people and treat them as partners not just as cost to be minimized or avoided.

3. The way an organization treat their people has been found to significantly affect organizational performance.

Work practices that lead to both high individual and high organizational performance are known as high performance work practices and are achieved and reached while:

3.1 - Commitment to improving the knowledge, skills, and abilities of an organization's employees.

3.2 - Increasing their motivation

3.3 - Reducing loafing of job

3.4 - Enhancing the retention of quality employees while encouraging low performers to leave.

Subject:

Teacher:

Date:

### \* HRM process:

- ⇒ Identify and select competent employees
- ⇒ Retain competent and higher-performing employees
- ⇒ Provide up-to-date knowledge and skills.

### \* External factors that affect the HRM process:

#### • Labor union:

An org. that represents workers and seeks to protect their interests through collective bargaining.

- ⇒ To protect and defend its members through negotiation (a system called collective bargaining) to try to put pressure on the government. : Equal job opportunities  
Equal pay

#### • Governmental laws:

An org.'s HRM practices are affected by a country's law.

#### • Affirmative actions:

Organizational programs that enhance the status of members of protected groups.

• Demographic trends:

The age of the working society ...

\* Identifying and selecting competent employees:  $\Rightarrow$  This is the first phase of HRM process and it involves 3 tasks:

1. HR planning

2. Recruitment and recruitment

3. Selection

① HR planning:

• It ensures:

1. That the org has the right number and kinds of capable people in the right place and the right time

2. That employees are capable of effectively and efficiently performing their assigned tasks

HR planning entail two steps:

1. Assessing current human resources

2. Meeting future HR Needs

1. Assessing current human resources:

• Managers begin HR planning by taking inventory of the current employees. The inventory included information on employees such as name, education, training, prior employment, language spoken, ... (Database).



Subject:

Teacher:

Date:

• job analysis: An assessment that defines jobs and the behaviours necessary to perform them. => what are the duties, the minimal knowledge, skills, abilities that are necessary to adequately perform this job. Information for a job analysis is gathered by directly observing individuals on the job, interviewing employees, having employees complete a questionnaire!

- job description: A written statement that describes the job => job content, environment and conditions of employment.

- job specification: A written statement of the minimum qualification that a person must possess to perform the job successfully. => The knowledge, the skills, and attitude needed.

## 2. Meeting future HR Needs:

Future HR needs are determined by the org.'s mission, goal, and strategies.

Demand for employees results from demand for the organization's products or services.

After assessing both current capabilities and future needs, managers can estimate areas in which the org. will be understaffed or overstaffed.

## ② Recruitment and Recruitment:

• Recruitment: locating, identifying and attracting capable applicants

Different Recruitment approach:

\* Internet (reaches large number of people  
= generates many unqualified candidates)  
Company website

\* College recruiting (large centralized body of candidates)  
⊖ Limited to entry-level positions, no experience

## S O C I A L

\* Employee referrals (Always @ your knowledge about the organization provided by current employee can generate strong candidates because a good referral reflects on the recommender)  
⊖ May not increase the diversity and mix of employees.

• Decruitment: Reducing an organization work force

Decruitment options:

- \* Firing
- \* Layoffs: temporary involuntary termination for a few days or extend to years.
- \* Transfers
- \* Early retirements
- \* Job sharing: Having employees share one full-time position



Subject:

Teacher:

Date:

③ Selection: Screening job applicants to ensure that the most appropriate candidates are hired.

⇒ Selection involves predicting which applicants will be successful if hired or unsuccessful so he'll be rejected.

- Reject errors can cost the org. discrimination charges, especially if applicants from protected groups are disproportionately rejected.

- Accept errors cost the org. :  
cost of training the employee  
the profit lost by the employee's incompetence.

The cost of ~~severance~~ severance  
The subsequent costs of further recruiting and screening.

So we should reduce the probability of reject errors or accept errors.

Selection procedures should be Valid and Reliable:

• Validity: Degree to which there's a proven relationship between the selection device and some relevant criterion.

The burden is on managers to show that any selection device they use to differentiate applicants is validly related to job performance.

• A reliable selection device measures the same thing consistently.

Reliability: Degree to which a selection device provides consistent measures.  
(chart on the book p. 231)

Retaining competent, high performance employees.

**S O C I A L**  
1 - Employee performance management:  
It establishes performance standards that are used to evaluate employee performance.  
- Performance appraisal Methods:  
(Chart p. 234)

We assess employee based on the accomplishment of the goals. (HBO)

2. Compensation and Benefits:  
Organizational compensation can include many different types of rewards and benefits, such as base wages and salaries, wages and salary add-ons, incentive payments...

• Skill-based pay: A pay system that rewards employees for the job skills they demonstrate.



Subject:

Teacher:

Date:

• Variable pay: A pay system in which an individual's compensation is contingent on performance.

Given the dynamic environments that many org. face today, the trend is to make pay systems more flexible and to reduce the number of pay levels. However; whatever approach managers take, they must establish a fair, equitable, and motivational compensation system that allows the org. to recruit and keep a talented and productive workforce.

\* Career development:

Career: Sequence of positions held by a person during his/her life time. => long employment.

\* Managing Sexual harassment:  
- Sexual harassment: Any unwanted action or activity of a sexual nature that explicitly or implicitly affects an individual's employment, performance, or work environment.



# Chapter 14 (13 on the Book)

## Understanding individual Behavior

- Behavior is The action of people.
- O.B. :- study of the actions of people at work.
- It addresses issues that aren't obvious:

### Visible aspects:

Strategies  
Objectives  
Policies and procedures  
Structure  
Technology  
Formal authority  
Chain of command

### Hidden Aspects:

Attitudes  
Perception  
Group Norms  
Informal interaction  
Interpersonal and  
group conflicts

**S O C I A L**

- Organizational behavior focusses on

3 major areas:

### ① Individual behavior:

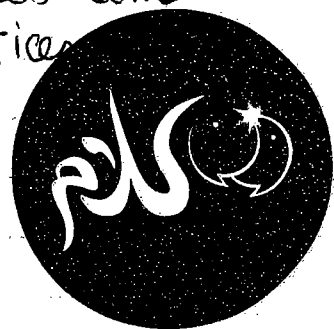
Attitudes  
Personality  
Perception  
learning  
Motivation

### ② Group behavior:

Norms  
Roles  
Team Building  
Leadership  
Conflict

### ③ Organizational Aspects:

Structure  
Culture  
Human Resource  
policies and  
practices



Subject:

Teacher:

Date:

- Goals of org. Behavior?

- ① Explain why employees engage in some behaviors rather than others.
- ② Predict how employees will respond to various actions and decisions.
- ③ Influence how employees behave.

What employees behavior are we supposed to explain, predict and influence?

- ① Employee productivity: A performance measure of both efficiency and effectiveness. What factors influence efficiency and effectiveness of employees.
- ② Absenteeism: The failure to show up for work. Absenteeism can't be totally eliminated.
- ③ Turnover: Voluntary or involuntary permanent withdrawal from an organization. It can lead to increased recruiting, selection and training costs as well as work disruptions. Managers can never eliminate turnover but they're trying to minimize it especially among high-performing employees.

~~4~~  
④ OCB: organizational citizenship behavior:  
It is discretionary behavior that's not part of an employee's formal job requirements but that promotes the effective functioning of the organization.

- \* Helping others on one's work team
  - \* Volunteering for extended job activities
  - \* Avoiding unnecessary conflicts
  - \* Making constructive statements abt one's work group and the org.
- Organizational needs individuals that tend to do more than their jobs.

Drawbacks to OCB:

- \* Work overload
- \* stress
- \* work/family conflicts.

⑤ Job satisfaction:

An employee's general attitude toward his or her job.  
attitude  $\neq$  Behavior.

Job satisfaction is an attitude  $\Rightarrow$  Satisfied employees are more likely than dissatisfied employees to show up for work, have higher levels of performance and with an organization.



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⑥ Workplace misbehavior:  
Any intentional employee behavior that is potentially harmful to the org. or individuals within the organization.

Deviance

Aggression

Antisocial behavior

Violence

Attitudes and job performance:  
Attitudes: Evaluate statements, either favorable or unfavorable, concerning objects, people, or events.

They reflect how a person feels abt his or her work.

An attitude is made of 3 components:

① cognitive component: Refers to the beliefs, opinions, knowledge or info held by a person. (discrimination is wrong)

② Affective component: The emotional or feeling part of an attitude (like or dislike).

③ Behavioral component: Intension to behave in a certain way toward someone or something.

Attitude usually refers to the affective component.

Managers are interested in 3 major attitudes:

### ① Job satisfaction:

- high level of job satisfaction  $\rightarrow$  positive attitude
- It's expected that job satisfaction increases as income increases (This is not always the case because high income jobs need more skills and provide more challenges.
- higher satisfaction among higher income levels reflect those factors rather than the pay.

② - link between job satisfaction and job productivity.

③ - Relation between job satisfaction and absenteeism: regulations affect this relation

④ - Satisfaction and turnover

This is the strongest relation so far. Level of satisfaction is less important in predicting turnover for superior performers because the org. typically does everything it can to keep them.

- job satisfaction and ~~job~~ customer satisfaction for front line employees who have regular contact with customers, job satisfaction is related to customer satisfaction.

The relationship work in reverse too. Dissatisfied customers can increase dissatisfaction.

⑤ Job satisfaction and OLB:

If the employee is satisfied than he do more than his job.



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When An employee don't feel as though his supervisors, org. procedures are fair, his job satisfaction will suffer significantly.  
=> When These things are fair we are more likely to trust the org and give it more.

⑥ Satisfaction and workplace misbehavior:  
When employees are dissatisfied with their jobs, they respond in some way. But it's not easy to predict how they'll respond.

If managers want to control the undesirable consequences of job dissatisfaction, they should attack the real problem rather than control the different employee response.

② Job Involvement and org. commitment.

- Job involvement: The degree to which an employee identifies with his or her job, actively participates in it, and considers his or her job performance to be important to his or her self-worth.  
high involvement => positive attitude => fewer absences => lower resignation rates => higher employee engagement.
- Org. commitment: The degree to which an employee identifies with a particular organization and

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its goals and wishes to maintain membership in that org.

Org. commitment is a better indicator of turnover than job satisfaction. It's more global and enduring in response to the org than is satisfaction with a job.

- Perceived organizational support: employee's general belief that their organization values their contribution and cares about their well-being.

=> shows that the commitment of the organizational to an employee can be beneficial  
=> it increases job satisfaction and lower turnover.

③ Employee engagement: Employees being connected to, satisfied with, and enthusiastic about their jobs.

Employee indifference can have serious consequences  
=> Employees passionate and deeply connected to their work.

Factors contributing in employee's engagement:

Respect

Provide good service to customers

Type of work

Base pay

work-life balance, People I work with

- Benefits
- long career potential
- Learning and development
- Promotional opportunities
- Pleasure working
- Variable pay/Bonus

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- Research has concluded that people seek consistency among their attitudes and between their attitude and behavior  $\Rightarrow$  Individuals try to reconcile differing attitudes and align their attitudes and behavior so they appear rational and consistent.

- Cognitive dissonance: Any incompatibility or inconsistency between attitudes or between behavior and attitudes.

Cognitive dissonance theory sought to explain the relationship between attitudes and behavior.

To reduce dissonance is determined by three factors: ① The importance of the factors creating the dissonance.

② The degree of influence the individual believes he or she has over those factors.

③ The rewards that might be involved in dissonance.

$\Rightarrow$  unimportant factors  $\rightarrow$  Low pressure to correct the inconsistency.

$\Rightarrow$  Important factors  $\rightarrow$  Change the behavior and if it's necessary change the attitude.

The dissonance might be justified by the need to follow the manager's order  $\Rightarrow$  No control.



- Attitude surveys: Surveys that elicit responses from employees through questions about how they feel about their jobs, work groups, supervisor or the organization => feedback for Managers.

=> Alert Managers to problems.

- Managers should be concerned with their employee's attitude because it influences behavior.

### Personality:

- The unique combination of emotional, thought and behavioral patterns that affect how a person reacts to situations and interacts with others @ your service.

=> Personality, just like attitude influence how and why people behave the way they do.

- 2 approaches:

① MBIT Myers-Briggs type indicator or 100 questions that ask people how they usually will act on case like these. => 4 dimensions:

(a) Social interaction: extrovert or introvert (E or I)  
extrovert: someone who is outgoing, dominant, and often aggressive => need a work env. that is action oriented let them be with others and gives them a lot of experience.  
introvert: shy, withdrawn => work env. that is quiet and concentrated - Alone.

(b) Preference for gathering data: sensing  
sensing: standard ways to solve problems - routine - high need for closure  
intuitive: like solving new problems - dist. taking time for precision.



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① Preference for decision making: feeling or thinking  
feeling types: emotional, like harmony, dislike telling people unpleasant things.  
thinking type: unemotional, uninterested in people's feelings, like analysis

② Style of making decisions: perceptive or judgemental:

perceptive: curious, spontaneous, flexible, tend to find out all the task before they start  
judgmental types: good planners, purposeful, make decisions quickly, want only the info necessary to get the task done.

⇒ Match employees to some jobs / Manager-employee relationship

② The Big Five MODEL

① extraversion: Degree to which some is sociable, talkative, assertive ⇒ high social interaction is necessary

② Agreeableness: is ~~responsible~~ good nature, cooperative and trusting

③ conscientiousness: responsible, dependable, persistent and achievement oriented.

④ Emotional stability: calm, enthusiastic, secure, or tense, nervous, depressed.

⑤ Openness to experience: imaginative, artistically sensitive, intellectual.

⇒ Important relationship between these dimensions and job performance.

- Additional personal insight:

① locus of control: The degree to which people believe they are masters of their own fate.  
internal => control their fate => more satisfied.  
external => controlled by outside forces => blame others (managers, coworkers...).

② Machiavellianism: A measure of the degree to which people are pragmatic, maintain emotional distance, and believe that ends justify means. => Good employees for jobs requiring bargaining skills or that have substantial rewards.

③ Self-esteem: The degree to which people like or dislike themselves. => Directly related to <sup>Always @ your service</sup> reputation to success => take more risks.  
=> low self esteem -> influenced by external factors -> less satisfied with their job.

④ Self monitoring: A personality trait that measures the ability to adjust behavior to external situational factors.

=> high self monitoring -> high adaptability.  
-> striking contradictions between their public persona and their private selves.

=> low self monitoring -> high behavioral consistency between who they are and what they do.

⑤ Risk taking: Related to how quick managers take decisions and how much info they need to take those decisions.



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\* type A personality: Someone who is continually and aggressively struggling to achieve more and more in less and less time.

\* type B personality: they aren't hurried to achieve more and more, they can relax without guilt.

\* proactive personality: People who identify opportunities, show initiative, take actions, and persevere until meaningful change occurs → likely to become leaders and change agent in a society.

- A country's culture influences the dominant personality characteristics of its people.

Emotions and emotional intelligence:  
Emotions: Intense feelings that are directed at someone or something / reaction to an object.

Six universal emotions: anger / fear / sadness / happiness / disgust / surprise.

People respond differently ⇒ different personality  
↳ ⇒ job requirements

Emotional intelligence: the ability to notice and to manage emotional cues and info.

Five dimensions:

- ① Self-awareness: The ability to be aware of what you're feeling.
  - ② Self-management: The ability to manage our own emotions and impulses.
  - ③ Self-motivation: The ability to face failures.
  - ④ Empathy: The ability to sense how others are feeling.
  - ⑤ Social skills: The ability to handle the emotions.
- ⇒ We can conclude that EI appears to be relevant to success in jobs that demand a high degree of social interaction.

- Personality test when recruiting and hiring.
- Should match personality with job.
- Personality-job theory by John Holland.

### Perception:

- A process by which we give meaning to our environment by organizing and interpreting sensory impressions.
- None of us sees reality. We interpret what we see and call it reality.
- Factors that influence perception:
  - ① Perceiver: Personal characteristics heavily influence the interpretation ⇒ attitudes, personal motives, interests, experiences, expectations.
  - ② The target & the background of the target.
  - ③ Situation: Context, time, location, heat, color...



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## Attribution theory

- A theory used to explain how we judge people differently, depending on what meaning we attribute to a given behavior.
- We attempt to determine whether it was internally or externally caused.
  - under the person's control → outside factors.
- It depends on 3 factors:
  - ① distinctiveness: whether an individual displays different behaviors in different situations (the behavior is unusual or not)
  - ② consensus: whether everyone who's faced with a similar situation acts in the same way.
  - ③ consistency: regular behavior.
    - more consistency → internally caused.
- Fundamental attribution error: the tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior.
- Self-serving bias: the tendency for individual to attribute their successes to internal factors while putting the blame for failures on external factors.
- Cultures affect making attribution theory predictions especially in countries with strong collectivism traditions.

Shortcut used in judging others:

Quick but aren't perfect.

• Assumed similarity → the assumption that others are like oneself ⇒ right but not always.

• Stereotype: Judging a person on the basis of one's perception of a group to which he or she belongs.

• halo effect: A general impression of an individual that is influenced by a single characteristic such as intelligence, appearance.

- Pay close attention to how employees perceive both their jobs and management actions.

## SOCIAL

Learning: Always @ your service

- A relatively permanent change in behavior that occurs as a result of experience.

- Operant conditioning: A theory of learning that says behavior is a function of its consequences.

Operant behavior ⇒ voluntary/learned behavior.

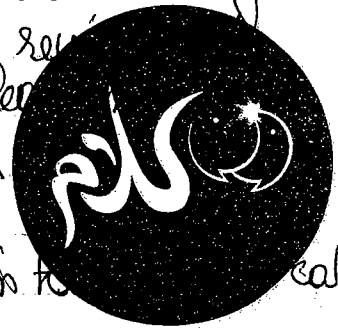
Behavior is assumed to be determined from without (learned) rather than within (reflexive).

People will engage in desired behavior if they are reinforced to do so ⇒ Rewards.

Behavior that is punished ⇒ less likely to be repeated. ⇒ isn't positively reinforced.

- Social learning theory: A theory of learning that says people can learn through observation and direct experience.

① Attentional processes: By paying attention to features (attract them with his features).



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- ② Retention process: A model's influence on how well the individual remembers the model's action.
- ③ Motor reproduction processes: When the individual do the model's activities.
- ④ Reinforcement processes: When reward are provided.
- Shaping behavior: The process of guiding learn in graduated steps using reinforcement or lack of reinforcement.
  - positive reinforcement
  - negative reinforcement
  - punishment
  - extinction (when a behavior isn't reinforced it disappears)
- } strengthen a desired behavior.
- } weakening an undesired behavior.
- \* Managers are THE models.



# Chapter 15: Motivating employees:

\* What is motivation:

- Motivation refers to the process by which a person's effort are energized, directed and sustained toward attaining a goal. This definition has 3 key elements:
  - Energy: A measure of intensity or drive
  - Directions: The right effort is done
  - Persistence: We want employees to persist in putting forth effort to achieve those goals.

- To reach **S O C I A L** the organization's goals, managers should <sup>ALWAYS</sup> satisfy ~~some~~ your individual needs first. Give and take.

\* Early theory of motivation:

① Maslow's Hierarchy of needs theory:

① Physiological needs:

A person needs for food, drink, shelter, sex and other physical requirements (100% of employees)

② Safety needs:

A person's need for security and protection from physical and emotional harm. Safety of work, working environment...

③ Social needs:

A person's need for affection, belongingness, acceptance and friendship

④ Esteem needs:

A person's need for internal esteem factors; self-respect, autonomy and external esteem; recognition, status...

lower-order needs (satisfied externally)

higher-order needs (internally)

② Self-actualization / Self fulfillment:  
A person's need for growth, achieving one's potential, the urge to become what one is capable of becoming.

② McGregor's Theory X and Theory Y  
- Theory X: Negative view of people which assumes that workers dislike their job, have little ambition... => closely controlled to work effectively  
- Theory Y: Positive view which assumes that employees enjoy work, accept responsibility... => participating in decision making, responsible and challenging jobs, and good group relations would maximize employee motivation.

③ McClelland's three-needs theory:

① Need for power:  
The need to make others ~~believe~~ behave in a way that they would not have behaved otherwise.  
=> To be able to push others to do what you want them to do.

② Need for affiliation:  
The desire for friendly and close interpersonal relationships.

③ Need for achievement:  
The need to succeed and excel.

Good managers are high in need for power, low in need of affiliation and relatively low in need for achievement because then he'll focus on his own achievement not on the org's achievements.

Contemporary motivating theory:

\* Designing motivating job.  
- job design: The way tasks are combined to form a complete job.

• job enlargement: The horizontal expansion of a job by increasing job scope.

job scope: The number of different tasks required on a job and the frequency with which those tasks are repeated.

Knowledge enlargement - expanding the scope of knowledge used in a job lead to more job satisfaction.

• job enrichment: The vertical expansion of job by adding planning and ~~adding~~ evaluating responsibilities, it increases job depth. The degree of control employees have over their work.

\* Equity theory:

The theory that an employee compares his or her job's input/outcome ratios with that of relevant others and then corrects any inequity (underrewarded - overrewarded).

=> The result may be higher or lower productivity. The employee compare himself to a referent:  
a person: coworker, neighbors.  
a self: his previous experience.

## \* Motivating Diverse work force:

To maximize motivation, managers need to think in terms of flexibility. Because each employee has a certain need, is in a certain situation and is motivated differently

- compressed workweek: A workweek in which employees work longer hours per day but fewer days per week.

- flexible work hours (flextime): A scheduling system in which employees are required to work a certain number of hours per week but are free within limits to vary the hours of work.

- job sharing: The practice of having two or more people split a fulltime job.

- Telecommuting: A job approach in which employees work at home and are linked to the workplace by computer or modem.

## \* Motivating professionals:

- They need to update their knowledge.
- They tend to rank job challenge high.
- They value support.
- They're not interested in money and promotion as they are about their work because they enjoy what they do.

## Chapter 6: Market segmentation

\* Market segment:

Group of customers with same wants, buying preferences, or product use behavior

\* Market segmentation:

Process of dividing the total market for a good or service into several small internally homogenous groups

\* Why do we segment the market?

- 1- To be able to serve the market better, to satisfy the market
- 2- Try to serve the market with the perfect product bcz people have different habits and buying behavior
- 3- A company can make more efficient use of its marketing resources and can do a better marketing job
- 4- Medium-sized firms can grow rapidly.

- The segment must be large enough to be profitable and should be accessible (can be served)

\* How do we segment the market?

1. Geographic Segmentation:

Subdividing markets into segments based on location:

Regional population distribution: The regional

# SOCIAL

distribution of population is important b/c people within a given region generally tend to share similar values, attitudes, and style preferences.

Significant differences can exist among regions b/c differences in the climate, social customs

## 2. Demographic segmentation:

Easy to measure / Related to demand

Characteristics:

Age - Gender - occupation - Income - Education -  
Ethnic background  
Social class - Family life cycle (neighborhood)

## 3. Psychologic segmentation:

Personality: Perception:

Lifestyle

Politics

Value

## 4. Behavioral segmentation

Benefits desired

Usage rate

## \* Positioning :

A position is a way a firm's product, brand, or organization is viewed relative to the competition by current and prospective customers.

Positioning is a firm's use of all the elements at its disposal to create and maintain

*[Handwritten signature]*

in the minds of a target market a positive image relative to competing products.

\* Forecasting:

The potential of a segment is determined by forecasting how much it will buy. Forecasting estimates sales of a product during some defined future period. Different studies: Marketing studies. The macro-environmental factors.

## Chapter 2. SOCIAL Marketing Research:

\* Steps in Marketing Research project.

① Define the objective:

② Conduct a situation analysis

Situation analysis: a background investigation that helps refine the research problem.

Analyzing the company, its market, its competitors, and its industry in general.

③ Conduct informal investigation:

Informal investigation: gathering readily available information from relevant people inside and outside the company. (middleman, competitors, consumers)

It's a critical step because it will determine whether further study is necessary.

4. Plan and conduct formal investigation:

Primary data: New data gathered specifically for the project at hand.

Secondary data: Available data already gathered for some other purposes → external env. studies, MKRS ...

Primary data:

1. Observation method:

Involves collecting data by observing the actions of a person.

Observing customers' behavior while shopping  
loyal - not sure yet - no idea

2. Survey method:

Gathering data by interviewing people (sample of the target market)

Face to face interviews:

Telephone surveys.

Mail surveys

3. Experimental method:

Gathering primary data in which the researcher is able to observe the results of changing one variable in a situation while holding all other conditions constant (in laboratory or in the field)

④. Analysis:

Analyse the data and write the report (always written)

⑤. Conduct a follow up:

To see if the study is correct and to see if there is any changes



## Marketing Information Systems:

• Def: An ongoing, organized procedure to generate, analyze, disseminate, store, and retrieve information for use in making marketing decisions.

• The ideal MIS:

- Includes real-time data
- Generates regular reports and recurring studies as needed.
- Analyzes data using statistical analysis and mathematical models that represent the real world.
- Integrates old and new data to provide information updates and identify trends.

## Marketing Research:

• Def: The development, interpretation, and communication of decision-oriented info to be used in all phases of the marketing process.

• Marketing issues that are frequently researched:

- Markets and market segment
  - Marketing mix
  - Competition
  - Expectation and satisfaction
- Improving the quality of decision making

## \* Comparison between Marketing Research and Marketing information system:

M. R.:  
Inside data  
One objectives  
One case at a time

MkIS:  
Inside and outside data  
Problems and prevention  
Ongoing job

Marketing Research is a part of the MkIS  
But in Marketing Research we use MkIS.

• Internal data: Sales reports - Inventory amounts -  
Production schedules.

• 4 sources of info in M.R.:

1. Syndicated advice
2. Marketing info system
3. Decision support system
4. Marketing Research project

## \* Ethical issues in Marketing Research:

- Privacy in data collection
- Privacy in data use
- Deceptive implementation
- Intrusiveness
- False representation

## Chapter 8: Product:

### \* Product:

- Def: It's a set of tangible and intangible covering goods, services, places, persons, ideas things...

A product include the packaging, the brandname, price, the reputation of the seller,...

### Product

↳ Ingredient

# S O C I A L

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↳ Package

↳ influenced by  
the external environment,  
the culture, climate ...

↳ Label

↳ color  
↳ Brandname  
↳ Design/logo  
↳ info

### \* Classification of products:

#### • Consumer goods/products:

Products that are intended to be used for personal consumption by households

#### • Classification of consumer products:

1. Convenience good: Tangible products that the consumers feel comfortable purchasing without gathering additional info and then buy with a minimum of effort.

2. Shopping goods: Tangible products for which a consumer wants to compare quality, price and perhaps style in several stores before making a purchase.

3. Specialty goods: Tangible product for which a consumer has a strong brand preference and is willing to expend substantial time and effort locating the desired brand.

4. Unsought goods: New product that the consumer is not yet aware of or a product that the consumer is aware of but does not want right now. (snow tires in the summer).

• Business products: Products that are intended for resale, for use in producing other products, or for providing services in an org.

• Classification of business products:

1. Raw materials: Bus goods that become part of another tangible product prior to be processed in any way.

2. Fabricating Materials and parts: Fabricating materials undergo further processing. Fabricating parts are assembled with no further change in form.

3. Installations: long-lived equipment

4. Accessory equipment

5. Operating supplies

## Product innovation:

We have to always update the product to satisfy the customer's needs.

## Development of new product:

1. New products are unique, never seen before.
2. Replacements that are significantly different.
3. Imitative: New for the company, not new to the market.  
New in a country.

## New product development strategy:

1. Idea generating: From consumers, suppliers, employees, all stakeholders and involving them together. Always @ your service.
2. Screening the ideas: Ideas that are useful.
3. Business analysis: We conduct marketing research:

4. Prototype development: Sample of the product

identifying product features  
estimates market demand, competitor  
establishes a program to develop the product

5. Test the market with the prototype.

6. Commercialisation: full campaign of the product if in stage #5 the product has a positive impact on the market.

## New product adoption and diffusion:

1. Awareness: Promote and advertise.
2. Interest: Consumer acquires more info, they ask and check the product.
3. Evaluation: studying and comparing the old product with the new one.

4. Trial: If the product is good enough we buy it but on a limited basis (samples)
5. Adoption: Buying the product
6. Confirmation: Becoming loyal.

## Chapter 9: Product Mix strategies

### Positioning the product:

- \* In relation to a competitor:  
compare between the 2 products  
Sometime we compare 2 unequal products to create a higher image.
- \* In relation to a product class or attributes  
ex. Patriotic vs foreign products.  
involving culture, politics, beliefs.
- \* By price and quality.

### Product life cycle:

# Chapter 1: Overview of Marketing: Victoria G. (1)

## 1) Definition of Marketing:

- Finding ways to satisfying customers effectively and efficiently is what marketing is all about

- Marketing is a total system of business activities designed to plan, price, promote, and distribute want satisfying products to target markets in order to achieve organizational objectives/goals.

The entire system should be customer oriented. Customers' wants should be recognized and satisfied (study it)

Marketing should start with an idea about a want-satisfying product and should not end until the customer's wants are completely satisfied, which may be some time after the exchange is made.

x - Marketers are those who take initiative by trying to stimulate and facilitate exchanges

x - The market consists of people or organization which needs to satisfy money to spend, and the willingness to spend it

x - Customers are defined as persons, group, or organizations with whom a marketer has an existing and potential exchange relationship

x - barter: trading one product for another

x - needs: term to determine strict physiological sense (food, clothes and shelter)

wants: everything else.

However, priorities differ from a person to another.

SOLLA

2

## 2) Evolution of Marketing:

1. Product Orientation stage: 1880 → 1920

After the industrial revolution.

The demands were high and the supplies were low so firms with product orientation focus on the quality and quantity of offerings while assuming that customers will seek and buy reasonably priced, well made products. They didn't even have a marketing department, they had a sales department to supervise a sales force. (No big competition) (No stocks).

2. Sales-oriented stage: 1920 → 1950

After the world economic crisis The Great Depression (1929)

D ~ S ⇒ The problem was no longer how to manufacture efficiently, but rather it was how to sell the resulting output. ⇒ post production efforts and emphasis on sales.

3. Marketing orientation stage: 1950 → 2009

Δ are fewer than the supplies

⇒ the market is fed so people need differences in the products so they search for the best quality, newest idea, ... Marketers should study the needs and wants of the market ⇒

with a market orientation, companies identify what customers want to ~~sell~~ and tailor all the activities of the firm to satisfy these needs as efficiently as possible.

The customer is the boss.



1960s: Consumer protection, safety; Ralph Nader => protecting the environment and decreasing the pollution.

3) The Marketing concepts:

a) All planning and operations should be customer oriented: Every department and employee should be focused on contributing to the satisfaction of the customer's wants and needs: Direct and indirect relationship with the customer (CR)

Mass customization

b) Coordination of all marketing activities: All marketing efforts (product planning, pricing, distribution, and promotion) should be designed and combined in a coherent, consistent way and that one executive should have overall authority and responsibility for the complete set of marketing activities:

quality (TQM)

a + b = Satisfaction of the customer

Achieving the goal of the organization

TQM: It's a system for implementing organization wide commitment to quality that involves every employee accepting responsibility for continuous quality improvement.

S O C I A L  
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4

4) The Marketing program = Marketing Mix  
4 p's

a) Product:

Strategies are needed for deciding what products to introduce, managing existing products over time, and dropping products that are no longer viable.

Package

→ container (the hard cover)

→ label (whatever is written on the container)

→ brand name

→ logo

→ color

→ info

b) Price:

Strategies are needed to changing price, terms of sale, and possible discounts.

The price is affected by: The D and S

The cost, The bus. cycle

The competition.

c) Place (distribution):

The Channels by which ownership of product is transferred from producer to customer. Producer → wholesaler → retailer → store

d) Promoting: Strategies are needed to combine individual methods such as advertising, personal sellings into an integrated communications campaign. Promotional budgets, messages and media must be adjusted.

Customer oriented

- CRM: customer relationship management & establishing multidimensional connections with a customer such that the organization is seen as a partner. By sorting and analyzing data supplied by customers, gathered from the a marketer is able to better understand a customer's need and preferences. (Harley website and community)

- Mass customization: developing, producing and delivering affordable products with enough variety and uniqueness that nearly every potential customer can have exactly what he/she wants.

S O C I A L  
Always @ your service

# Chapter 2: The Dynamic Marketing environment:

## 1) Environment Monitoring & scanning:

It is the process of gathering information regarding a company's external environment analysing it, and forecasting the impact of whatever trends the analysis suggests.

The external environment cannot be controlled!

### a) Macro environmental forces:

• Demographics: Studying the population's size, distribution and growth.

• Economics: Conditions significant force that affects the marketing activities of just about any org.

Stage of the Business cycle:

- Depression: Inflation  $\uparrow$   $\neq$  deflation (the price of the good decreases)
- I. R.  $\uparrow$
- unemployment  $\uparrow$
- prices  $\uparrow$
- Investment  $\downarrow$
- Value of Money  $\downarrow$

- Recovery: I. R.  $\downarrow$

- Investment  $\uparrow$
- unemployment  $\downarrow$
- Incomes  $\uparrow$   $\Rightarrow$  Companies expand their marketing efforts to improve sales and profits.

• Competition: - Brand competition (same product) - substitute products (same domain) - every company.

The competition drive companies to produce the best quality with a lowest price, to gain advantage!

- local competition from the other.

- international competition (E-business)

Differential advantage: any feature of an organization that is perceived to

Managing the marketing within the environment

## Social and cultural environment:

The sociocultural patterns (lifestyle, values, beliefs) are changing. (4)  
- concern abt Natural Environment. quality of life.

- Changing gender roles  
- physical technology:

fitness and health

Technology is shortening the life cycle of a product, and it puts pressure on the marketing department to promote, price and place better.

But also it influences the development of the product and helps the organization to go international.

\* The life cycle of a product:

Intro → Growth → maturity → Death

Political and legal forces:

Monetary and fiscal policies: governmental spending the money supply, uses...

Government laws and regulation which goal is to protect the market and the environment. Always @ your service

# SOCIAL

Social and culture:

Social legislation affecting the environment

Culture is a behavior and traits that we inherited from our parents. It's hard to change people's culture so the product must obey to its rules.

Governmental relationships:

tariffs...

legislation related specifically

marketing:

legislation

related specifically

marketing:

legislation

b) Micro environmental forces: External forces that affects the marketing activities:

Suppliers and marketing intermediaries  
Supplier's raw material → Company → Product → Market

Intermediaries: In case when the market is huge. Extra large → large → Medium → small  
⇒ when the suppliers have to deal with different sizes of companies

Internal environmental forces:

- Company image : quality, price...
- Human Resources : # of employees
- Location : It's the first step in creating a business (population pollution problems, long term...)
- Financial resources :
- Research and development.
- Production facilities

Company's  
non-marketing  
program

External microenvironmental :

- Market :
- Suppliers :
- Marketing intermediaries :

# Chapter 3: Global markets and marketing International marketing (I.M) Globalization

local ↔ international

- When the company crosses the borders, the macro environmental factors will become different

- Exporting }  
- Importing } ⇒ you are engaged in the I.M

when exporting; you can open a letter of credits (L.C). The put your profit in the bank and transfer it to you but these money is unrecordable

C.I.F : ...  
F.O.B : ...

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- why the international market?  
Bigger markets } increasing the  
New markets } money and the profit.

Product going to decline stage in a certain country but in a foreign market it's a new product

- Strategic planning for international market is long term planning (1 year)  
To put this strategic planning, the marketer should study the macroenvironment forces in general and especially:

\* Social and cultural forces :

- 1) family : The definition changes when the culture of the people changes as well as the decision maker in the family.
- 2) Customs and behavior : it's the way of life , why people choose to select this product and not the other one? So the marketer should provide the product that makes the customer satisfied.
- 3) Education : Level of literacy : use the perfect terms for the majority to understand.
- 4) language differences : how to address the informations abt the product when the product is international we have this problem so the best solution is to have a representer locally who understands the language so the company can communicate with the customer.

\* Economic environment :

- 1) Infrastructure : roads - electricity - communication system !...  
 to know how to deliver ? The form of the packages?...  
 How to communicate ?  
 Commercial infrastructure : Do we have banks to send or to transfer the money ?? ...



We can have an idea abt the social and cultural status by looking at the emerge consumption bill; if it's low than the infrastucture are bad if it's high than the infrastucture is developed

But there are a lot of exception.

2) Competition: local and international competition

\* Political and legal: Issues and rules which diserves from the government to protect the citizens => To regulate the market.

1) Tariffs: (custom duty taxes): Taxes imposed by the government on ~~important~~ imported goods:

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- go source ~~Alapay~~ ~~your~~ ~~specific~~ the government
- protect the local industry

2) Political condition: general stability of the government. If the government is stable, we can plan for a long term.

Reaction of the government towards the business / international business. (to buy local products, to help the local bus. to grow).

\* Socio cultural conditions: Expectation of society from the company (To provide the market with the right product).

\* Demographic conditions: how population affect our planning? If the population is increasing or decreasing

\* Technological conditions: The development of new product + the life cycle of a product is shorter.

\* Global conditions: People can interact more; exchange products and information =. The competition is increasing and sometimes you don't even know your competitors (internet)

- How the environment affect managers?  
Dynamic env => hard to assess, to predict  
Stable env => easy to judge, to predict

Stackholder relationship management:

\* What is a stackholder?

~~is~~ anyone or any organization who that is affected by the org. or the org is affected by decisions that the org takes.

The internal as employees who become customers. And the external environment

\* Stackholder relationship management:

~~is~~ better the relation is, ~~is~~ better the situation will be for both the parties

\* Some of the stackholders:

- customer's quality price environmental problems

- employees: Safety   
 - off the job & long-term jobs   
 - on the job

- supplier's quality - flow of raw materials

- Government's rules (protection) - provide the organization ~~is~~ with protection and rules to protect the company from its employees

unions: protect the employees benefit & safety  
no of hours - days off

\* Organization structure for international market:

exporting: easiest way to be part of the international market  
no risk involved  
The job of distributing is on the importer.

F.O.B: product on the ship => the exporter can collect his money  
C.I.F: done shipping => collect the money  
losing time => risk of losing the product.

- Contracting: causes - The second parties know how  
cost of labor is low  
cost of energy is low

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Always @ your service Increase profit competitive Advantage

Franchising: permission to use my service  
licensing: give a licence to produce and market the product under his name (permission to produce)

why??  
Registration  
files  
Contracting  
costly  
sell the  
raw material  
equipment & management  
and marketing material

# Entry into foreign markets?

10

Direct investments go yourself and invest.

\* joint-venture:

agreement  $\rightarrow$  partnership.

\* wholly owned subsidiary = The mother company

to investing company. outside risk - profit and management

\* Strategic alliance: 100% long term.

Total and  
importation  
of goods

GATT: general agreements on tariffs and trade

taxes imposed by the government on imported goods

Exchanging goods

W.T.O. = world trade organization.

open your borders to all members.

E.U. 35 countries

European union

$\Rightarrow$  exchange products

$\Rightarrow$  people  $\rightarrow$  employment

Direct investment:  
The organization will invest in the international market: joint-venture

Chapter 12 Consumer Market & buying behavior

Consumer products are convenience goods, price is low, available on a daily basis - personal use in all situations

- 3 - specialty goods
- 4 - unsought goods

Consumer buying behavior

① impulse buying  $\Rightarrow$  price is low

② decision making process

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\* Analysis of the market:

① - Geographic distribution  $\Rightarrow$  location of the people affect their buying behavior  $\Rightarrow$  weather and life conditions

② - Demographic  $\Rightarrow$  population & no of people  
convenience goods  $\rightarrow$  population high  $\Rightarrow$  market is big  
specialty goods  $\rightarrow$  population low  $\Rightarrow$  market is small

Age & demand of goods will change  
family life cycle: single (young not married)  $\rightarrow$  young married without child  
with children

Income: The higher the income is the higher the demand  
know the size of the market

Education: level of literacy and illiteracy & how to communicate so the most of the people can understand (strong language or easy terms)

II Race and ethnicity: Thinking - acceptance - behavior & culture

: Consumer decision making  
how people do shop?

Product:

- 1 - convenience goods
- 2 - Shopping goods
- 3 - Specialty goods
- 4 - unsought goods

bad product  
low price  
poor quality

one in a lifetime

right product => price  
quality => through  
the decision making  
process

Steps:

1\* Need Recognition (Do we really need?)

2\* Identification of alternatives

3\* Evaluation of alternatives

4\* Decision

5\* Post purchase behavior

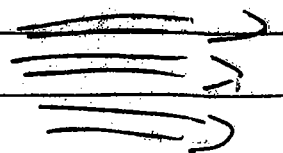
amount of money  
available

Environment (same as u)

(Someone to give u the assurance  
that u did the right thing)

- Bring a professional / expert

- Someone with the same experience



Chapter 9: Product Mix Strategies.

- Positioning: To create a certain image abt the product:  
 • in relation to a competitor:

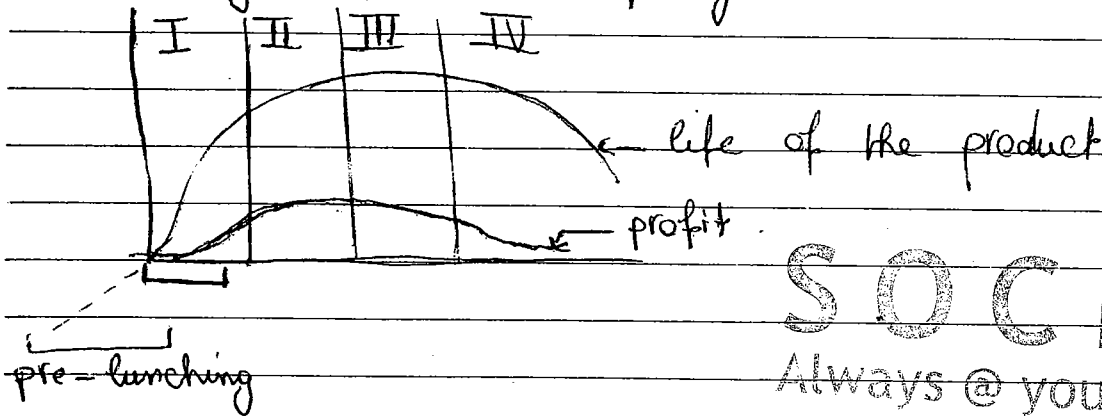
To Compare between our product and the product of the competitor. Equal products & quality & price  
 Sometimes we compare unequal products to create ~~the~~ a higher image to our product.

• in relation to a product class or attribute:  
 Patriotic product against a product from outside the country => they will pick the patriotic product  
 • by price and quality.

- Product life cycle:

Pre-launching / Pre-production: New idea -> research -> prototyp  
 -> Market test.

Cost should be carry to the life cycle of the product  
 The beginning of the life cycle



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I - Introduction: promote the product  
 ≈ 60% of the cost on promotion.

II - Growth: cut down on the budget  
 ≈ 20%.

III - Maturity: 15%.

IV - Declining: 5% => keeping the product in the market:  
 1. Holding loyal customers 2. Developing the

\* Same company have many brands to reach all segments

Declining → To kill the product  
→ To develop it and get him to the growth stage.

## Chapter 10: Brands, Packaging and other product features

- Brand: • It's a name - mark that differentiate the product of one seller or group of sellers from competing products.
  - A brand name consist of words, letters, numbers
  - that can be vocalised
  - A brandmark is that part of the brand that appears in the form of a symbol designed or distinctive color
  - A trademark is a brand that has been given legal protection

(R) → trademark ⇒ 1 - Civil law / code law : french law : The first who registers the brandname as a trademark own it for good → problem : going international Paris union → 130 country.  
2 - Common law / british law : priority in use : if u don't use it 4 365 days you will lose it.



## Advantages of brandname for consumer

- #1 - easier to identify products
- #2 - Helps assure consistency in quality. : the quality is not changing

## Advantages for sellers:

- #1 - Brands can be advertised and recognized
- #2 - Price comparisons are reduced
- #3 - Brands can differentiate commodities

## Reasons for not branding:

- #1 - Unable or unwilling to promote the brand or maintain consistent quality.
- #2 - Company's particular product cannot be physically differentiated from other firms product. (fruits and vegetables)

## Characteristics of a good brandname:

- #1 - Easy to pronounce, to spell, to remember.
- #2 - Suggest something about the product benefit and use.
- #3 - Distinctive.
- #4 - Adaptable to additions to product line
- #5 - Capable of being legally protected (registered and become a trademark).

## Protecting a brandname:

- #1 - Product counterfeiting:  
fake products.

- #2 - Generic uses:

The original usage of the product.

Using the brandname to indicate the product (Hoover, Klipsch)

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## Branding strategies:

Branding within a product mix:

#1 - Separate name for each product.

To be able to reach all segments in the market.

Treating each brandname alone.

ex: P and C => Ariel (High income)

Tide (M. and High income)

Jes. (Low income)

If something goes wrong, the other one is not affected.

Disadvantages: Highest

#2 Combine the product with the company name?

ex: Kellogg's => Corn flakes

Family Branding

Advantages: low cost

(A) Kellogg's  
producer → (B) Market.

Disadvantages: If not satisfied, all the products 'll be affected.

#3 The company's name only => family branding



Building and using brandname equity:  
Def = Brand equity = The value added by brand.

The value not in the product but in the brandname.

\*Trade Mark license:

Packaging and labeling:

Purpose of packaging:

#1 - Protect the product on its way to the consumer

#2 - Provide protection after product purchase

#3 - helps gain acceptance from middle man  
storage  $\Rightarrow$  cost and space.

standard package  $\Rightarrow$  the same size-weight.

#4 - help persuade consumers to purchase  
fitting at the house.

Criticism of packaging

#1 Packaging that ~~pollutes~~ ~~depletes~~ depletes natural resources  $\Rightarrow$

#2 Forms of packaging that are health hazards (dangerous)

#3 - Disposable of used packages.

#4 - Deceptive packaging: showing something and giving  
smth else.

#5 - Expensive packaging.

Labeling:

#1 Brand label: Brandname

#2 - Descriptive label: Infos  $\Rightarrow$  describing the product + the way to use the product in the best way.

#3 - Grade label: Measured to certain standard.

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#5 - Design, color, quality;

↓  
accepted by  
the culture  
+  
climate

↓  
\* standard (ISO)

↓  
Future commitment  
by the company => the  
same quality.

\* TQM: ongoing process of  
improvement of quality.

## Chapter 14: Channel of distribution

Def: set of people and firm involved in the transfer  
of products, of title (ownership) ~~and ~~the~~ products~~

Designing channel of distribution:

#1 Specify the role of distribution within the  
~~the~~ marketing mix

$$P = \underset{\substack{\text{Total fix} \\ \text{Cost}}}{TFC} + \underset{\substack{\text{Total} \\ \text{Variable} \\ \text{Cost}}}{TVC}$$

#2 Select the type of channel

#3 - Determine intensity of channel of distribution => channel of distribution  
nb of intermediaries ↓ => based on the type of product  
taxes

#4 Choose specific channel members

Study the situation of the wholesaler or retailer as  
we have to choose the best who can sell the product  
to maximize my profit and to satisfy the  
customers (marketing concept => customer oriented)

~~XXXXXXXXXX~~

Selecting the type of channel:

- we go directly because of the infrastructure:
- > roads are bad.
- > No TV
- > Education is at Min.

} => distribute the product face to face.

Major channel of distribution:

- Distribution of consumer goods:

1<sup>st</sup> - Producer to consumer => face to face door to door selling.

2<sup>nd</sup> - Producer - Retailer - consumer.

Retailers that have their own line.

3<sup>rd</sup> - Producer - Wholesaler - Retailer - consumer.

Widely used when it comes to convenience goods.

The producer can have wholehouse when they don't use wholesaler if it's a convenience good.

They replace the wholesaler in his place.

4<sup>th</sup> - Producer - agent - Retailer - consumer.

If the producer wants to produce only, not successful in feb.

5<sup>th</sup> - Producer - Agent - Wholesaler - Retailer - consumer.

Role of distribution: To get the product to the market.

Role of middleman: (w.s. Retailer, agent, brokers, sales distributor)

\* Transfer the title from the producer and then sell it to the consumer.

\* Promoting the product:

Promotional mix elements:

1 - Advertising (TV, Radio, Newspapers)

2 - Sales promotion (advertising + gift)

3 - personal selling => w.s. => Retailers.

4 - Public relations

5 - publicity.

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\* storing the product: and decreasing cost of rent, but in the same time they are collecting fees.

wholesaler -> warehouse

Retailers -> shelves

The wholesaler take the risk and is responsible for the safety of the products.

Type of middleman:

#1 ~~Merch~~ Merchant middleman: wholesaler and retailer

#2 Agent: Does not take title; his job is to put the seller with the buyer

#3 Middleman works as a purchasing agent: The wholesaler is a purchasing agent for retailer but at the same time he is a sales representative for the producer.

~~#4 Middleman~~

Middleman activities:

1. As a sales specialist for producer:

- Provide market information
- Interprets consumer's want => information to the producer
- Promote producer's products
- Create assortments (variety)
- Storing the product
- negotiate with customer
- provide financing, => helping the producer
- owns the product
- share risk

JAN 02

## \* Stars :

- High growth
- High market share

## Strategic business units:

- \* Independent businesses that formulate their own strategies.

## Role of competitive advantage:

- 1 - Sets an organization apart by providing distinct edges:
  - a - Comes from the organization's core competences
  - b - Not every organization can transfer or transform core competences into a competitive advantage. (They don't plan well).  
They don't use the resources.
  - c - Once created must be able to sustain it (Keep it).

## Competitive strategy:

Michael Porter: Industry analysis is based on 5 competitive advantages:

- 1 - Threat of new entrance,
- 2 - Threat of a substitute affected by buyer loyalty and switching costs
- 3 - Bargaining power of buyers

~~2 - Bargaining power of suppliers~~

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- 4 - Bargaining power of suppliers & If u are the only supplier.
- 5 - Existing competition affected by industry growth rate.

S O C I A L

\* Cost leadership: be a leader in minimizing cost  $\Rightarrow$  being efficient.

1. locate any differentials in the production
2. keep the expenses at minimum
3. product must be comparable to the product of the other competitors.

\* Differentiation: offer unique product, unique values others cannot offer.

certain image that other don't have.

$\Rightarrow$  stronger position in the market

$\Rightarrow$  increase in market share.

\* Best of cost leadership + Best of differentiation

!!

Strategies

SALES



## Chapter 15 Retailing:

\* Retailing: The sale and all activities directly related to the sale of goods and services to ultimate consumers for personal non-business use. (consumer products)

A firm engaged primarily in retailing is called a retailer.

The retailer's job is to sell piece by piece.

Retailers perform many activities such as:

- 1 - anticipating customer's want (predict the demands of the customer)
- 2 - Developing product assortments: To serve the maximum no of customer  $\rightarrow$  to motivate customer to come by of the variety of product. (small retailers = grocery)
- 3 - Acquiring market info: Observing the needs of the market.
- 4 - Financing: liabilities (credit card)

\* E-tailors: Retailers who operates online as opposed to having a physical store consumers can visit in person.

\* Size and concentration in retailing: Most retailers establishment are very small but there is a high degree of concentration; within a small area there is a lot of retailers. A small no of establishment account for a substantial share of retail trade.

\* Small retailers typically succeeded by:

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