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Unit (1)

Closing Entries for Temporary Accounts.

Text Book Exercises



Exercise (1): Page 23

General Journal
Closing Entries

Date	Explanation	Debit BD	Credit BD

General Journal
Closing Entries

Date	Explanation	Debit BD	Credit BD

Exercise (3): page 25

Complete the following closing entries for Jalal Company, for the period ended December 31, 2012:

GENERAL JOURNAL

Date	Explanation	Debit (BD)	Credit (BD)
Dec. 31	Fees Earned	9,100	
	-----		9,100
Dec. 31	Income Summary Account	1,210	
	Repair Expense		250
	Wages Expense		-----
Dec. 31	Income Summary Account	-----	
	Capital Account		-----
Dec. 31	-----	340	
	Drawings Account		340

General Journal
Closing Entries

Date	Explanation	Debit BD	Credit BD

Exercise (5): page 27

General journal

Closing Entries

Date	Explanation	Debit BD	Credit BD

Capital Account

Date	Explanation	Debit	Credit	Balance

Income Summary Account

Date	Explanation	Debit	Credit	Balance

General journal

Closing Entries

Date	Explanation	Debit BD	Credit BD

Capital Account

Date	Explanation	Debit	Credit	Balance

Income Summary Account

Date	Explanation	Debit	Credit	Balance

Exercise (7): page 30

Complete the following Closing Entries for Rawan Company, for the period ended December 31, 2011:

Rawan Company

General Journal

Date	Explanation	Debit (BD)	Credit (BD)
Dec. 31	Fees earned	8000	
	-----		8000
Dec. 31	Income Summary Account	1350	
	Wages Expense		-----
	Supplies Expense		750
Dec. 31	Income Summary Account	-----	
	Capital Account		-----
Dec. 31	-----	950	
	Drawings Account		950

Indicate whether each of the following statements is true or false by placing a "T" or an "F" in the space indicated. Explain the reason for each "F" response.

No.	Statements	T/F	Correction
1.	Journalizing and posting the closing entries is a routine task that can be done by any knowledgeable accounting clerk.		
2.	The adjusting and closing entries in the journal are dated as of the end of the fiscal period.		
3.	The closing entries can be processed only by using the four-step method.		
4.	The figures for the first closing entry are taken from the income statement section.		
5.	Because revenue accounts have debit balances, credit entries are needed to close them out.		
6.	The second closing entry transfers the balances in the expense accounts to the Income Summary accounts.		
7.	A loss has occurred if the income Summary account has a credit balance before it is closed out.		
8.	The Income Summary account is not closed out if a loss occurs.		
9.	In the closing process, the balance of the owner's drawing account is transferred to the debit side of the owner's capital account.		

Unit (1)

Closing Entries for Temporary Accounts.

Over to you Exercises



The image shows an open notebook with a T-account. The T-account has three columns: a narrow left column, a wide middle column, and a narrow right column. The entries are as follows:

Left Column	Middle Column	Right Column
890		6547
3254		
	3254	
594	6547	594
	0.25	0.25
	449	449
	890	890

Exercise (1): The following adjusted trail balance of AL Huda Company on Dec, 31, 2015

AL Huda Company

Trail Balance

As at Dec,31, 2015

Account Title	Debit BD	Credit BD
Cash	25000	
Accounts Receivable	4800	
Prepaid Insurance	2200	
Building	75000	
Account payable		6000
Unearned Services Revenue		3100
Capital		86600
Drawings	1700	
Services Revenue		9400
Fees Earned		12600
Rent Expenses	1350	
Wages Expenses	5650	
Electricity Expenses	750	
Miscellaneous Expenses	1250	
	117700	117700

Required:

- (a) Prepare closing entries on Dec,31, 2015.
- (b) Post to ledger accounts of capital and income summary.
- (c) Prepare closing trail balance on Dec,31,2015.

Exercise (2): The following adjusted trail balance of Mega Company on Dec, 31, 2014

Mega Company
Trail Balance
As at Dec,31,2014

Account Title	Debit BD	Credit BD
Cash	18700	
Supplies	2300	
Lands	51000	
equipment	14000	
Notes payable		3400
Unearned Ticket Revenue		2900
Capital		.....
Drawings	1700	
Ticket Revenue		13200
Commission Income		8800
Salaries Expenses	12000	
Advertising Expenses	4400	
Telephone Expenses	2600	
Miscellaneous Expenses	7100	

Required:

- (a) Find the missing
- (b) Prepare closing entries on Dec 31, 2014.
- (c) Post to the following ledger accounts.
- (d) Prepare closing trail balance on Dec 31, 2014.

Ticket Revenue Account

Date	Explanation	Debit	Credit	Balance

Salaries Expenses Account

Date	Explanation	Debit	Credit	Balance

(d):

Closing Trail Balance

As

Account Title	Debit BD	Credit BD
Total		

Exercise (3): Complete the following closing entries for Abdulla Company for the year ended on Dec 31, 2012

General Journal

Closing Entries

Date	Explanation	Debit BD	Credit BD
Dec,31	Services Revenues	9700	
	Fees Income	5300	

Dec,31	.....	.....
	Salaries Expenses		2800
	Advertising Expenses		3200
	Rent Expenses		4000
Dec,31	.....	.....

Dec,31	.....	900	
	Drawing Account		.....

Exercise (4): Complete the following closing entries for Osama Company for the year ended on Dec 31, 2012

General Journal

Closing Entries

Date	Explanation	Debit BD	Credit BD
Dec,31	Rental Revenues	15000	
	Fees Earned	.....
	.....		22000
Dec,31	.....	.....
	Salaries Expenses		14800
	Telephone Expenses		4000
	Electricity Expenses		6200
Dec,31	.....	.....

Dec,31	.....	.....
	Drawing Account		1200

Exercise (5): The following adjusted trail balance of Dania Company on Dec, 31, 2014.

Dania Company

Trail Balance

As at Dec 31, 2015

Account Title	Debit BD	Credit BD
Cash	12600	
Prepaid rent	6000	
Building	78000	
Furniture	9400	
Mortgage payable		11700
Salaries Payable		3000
Capital		.....
Drawings	2200	
Services Revenue		11100
Fees Earned		19400
Wages Expenses	5250	
Rent Expenses	2750	
Insurance Expenses	3500	
Miscellaneous Expenses	2500	

Required:

- (a) Find the missing
- (b) Prepare closing entries on Dec 31, 2015.
- (c) Post to the following ledger accounts.
- (d) Prepare closing trail balance on Dec 31, 2015.

(B): General Journal

Closing Entries

Date	Explanation	Debit BD	Credit BD

(c): Capital Account

Date	Explanation	Debit	Credit	Balance

Income Summary Account

Date	Explanation	Debit	Credit	Balance

Ticket Revenue Account

Date	Explanation	Debit	Credit	Balance

Salaries Expenses Account

Date	Explanation	Debit	Credit	Balance

(D): Dania Company

Closing Trail Balance

As at Dec 31, 2015

Account Title	Debit BD	Credit BD
Total		

Exercise (6): The following Trial Balance was extracted from the books of Ahmed Company at 31 Dec. 2006:

Account Title	Debit	Credit
Cash	32000	
Accounts Receivable	1950	
Supplies	600	
Equipment	20000	
Accumulated Depreciation-Equip.		300
Accounts Payable		11950
Capital		30000
Drawings	500	
Consulting fees earned		35000
Salaries Expense	10000	
Telephone Expense	2000	
Rent Expense	6000	
Misc. Expense	4200	
Total	77250	77250

Required:

1. Prepare the closing entries at 31st Dec. 2006.
2. Prepare the Post-Closing Trial Balance.

General Journal

Date	Explanation	Debit	Credit

.....
Post-Closing Trial Balance

.....

Account Title	Debit	Credit
Total		

Exercise (7): The following balances were extracted from the books of Salwa Company at 31 Dec. 2008:

	BD		BD
Cash	8000	Capital	70400
Accounts Receivable	9400	Drawings	600
Supplies	1900	Commission income	8900
Truck	43000	Salaries Expense	900
Office equipment	25000	Insurance Expense	250
Accumulated depreciation-Equip.	5000	Utilities Expense	350
Accounts payable	7600	Depreciation Expense	2500

Required:

- 1- Prepare the closing entries at 31st Dec. 2008.
- 2- Post to Capital Account and Income Summary Account.
- 3- Prepare the Post-Closing Trial Balance.

General Journal

Date	Explanation	Debit	Credit

Capital Account

Date	Explanation	PR	Debit	Credit	Balance

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance

.....

Post-Closing Trial Balance

.....

Account Title	Debit	Credit
Total		

Exercise (8): The following balances were extracted from the books of Hawar Co.:

	<u>BD</u>
Capital Account	25000
Rent Revenue Account	2000
Service Revenue Account	4000
Insurance Expense Account	1500
Salaries Expense Account	400
Drawings Account	800

REQUIRED:

- 1- Prepare the closing entries at 31st December, 2005.
- 2- Post to Capital Account, Drawings Account and Income Summary Account

General Journal

Date	Explanation	Debit	Credit

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance

Drawings Account

Date	Explanation	PR	Debit	Credit	Balance

Capital Account

Date	Explanation	PR	Debit	Credit	Balance

Exercise (9): The following balances were extracted from the books of Manama Company at 31, Dec., 2006:

	BD		BD
Cash	50165	Capital	.....
Accounts Receivable	7100	Drawing	755
Premises	67000	Rent Received	1900
Unearned rent revenue	25400	Advertising Expense	9715
Accounts Payable	9800	Salaries Expense	11065

Required:

- 1- Prepare the closing entries at 31st Dec. 2006.
- 2- Post to Capital Account and Income Summary Account.
- 3- Prepare the Post-Closing Trial Balance.

General Journal

Date	Explanation	Debit	Credit

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance

Capital Account

Date	Explanation	PR	Debit	Credit	Balance

Manama Company
Post-Closing Trial Balance
As at 31st Dec. 2006

Account Title	Debit	Credit
Total		

Exercise (10): The following balances were extracted from the books of Fadwa Furnishing Company at 31 Dec. 2008:

	BD		BD
Cash	35000	Capital	.....
Accounts Receivable	9400	Drawings	800
Equipment	78700	Rent Received	22800
Buildings	108000	Misc. Expense	900
Customer advance	12500	Advertising Expense	5100
Accounts Payable	7600	Salaries Expense	3200

Required:

- 1- Prepare the closing entries at 31st Dec. 2008.
- 2- Post to **Capital Account** and **Income Summary Account**.
- 3- Prepare the Post-Closing Trial Balance.

General Journal

Date	Explanation	Debit	Credit

Capital Account

Date	Explanation	PR	Debit	Credit	Balance

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance

.....

Post-Closing Trial Balance

.....

Account Title	Debit	Credit
Total		

Exercise (11): The following balances were extracted from the books of Yousif Company at 31 Dec. 2007:

Name of Account	Debit	Credit
Cash	6 000	
Motor van	7 000	
Unearned Rent Revenue		2 200
Capital		12 000
Drawing	-----	
Rent Revenue		2 500
Fees Earned		-----
Supplies Expense	3 000	
Insurance Expense	1 500	
Total	18 000	18 000

Required:

- 1- Prepare the closing entries at 31st December , 2007.
- 2- Post to Capital Account and Income Summary Account.
- 3- Prepare the Post Closing Trial Balance.

General Journal

Date	Explanation	Debit	Credit

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance

Capital Account

Date	Explanation	PR	Debit	Credit	Balance

.....

Post-Closing Trial Balance

.....

Name of Account	Debit	Credit
Total		

Unit (2)

Bank Reconciliation Statement

Text Book Exercises



Exercise (1) – Page 55

.....
Bank Reconciliation Statement
.....

General Journal

Date	Explanation	Debit BD	Credit BD

.....

Bank Reconciliation Statement

.....

General Journal

Date	Explanation	Debit BD	Credit BD

.....

Bank Reconciliation Statement

.....

General Journal

Date	Explanation	Debit BD	Credit BD

.....
Bank Reconciliation Statement
.....

General Journal

Date	Explanation	Debit BD	Credit BD

.....
(1): Bank Reconciliation Statement

(2) :General Journal

Date	Explanation	Debit BD	Credit BD

(3) :

.....

Using the information of the following Bank Reconciliation Statement, answer the questions below:

Bank Reconciliation Statement			
Bank Balance	----	Cash Book Balance	----
Add: Section 1	----	Add: Section 3	----
Deduct: Section 2	----	Deduct: Section 4	----
Adjusted Bank Balance	----	Adjusted Cash Book Balance	----

- a- In which section would you find outstanding checks?
- b- In which section would you find bank service charges?
- c- In which section would you find late deposits?
- d- In which section would you find customer NSF checks?

Exercise (8): page 60

Select the proper name or phrase below that matches the questions. **Note:** You may use the same answer more than once.

- a- Petty Cash Fund
- b- NSF Checks
- c- Canceled Checks
- d- Deposit in transit
- e- Bank Service Charge
- f- None of these
- g- Outstanding Checks

- 1- Checks issued by the depositor that have been paid by the bank and listed on the bank statement.
- 2- A small sum of cash used to make immediate cash payments.
- 3- A deposit not recorded on the bank statement because the deposit was made between the time of the bank's closing date for compiling items for its statement and the time the statement is received by the depositor.
- 4- Checks drawn against an account in which there are not sufficient funds, so the check is returned because of nonpayment.
- 5- The process by which the payee transfers ownership of the check to a bank or another party.
- 6- The fee charged for handling the checks, collections, and other items for the depositor's account.
- 7- Checks that have been written by the depositor and deducted on his or her records but have not reached the bank for payment.

Unit (2)

Bank Reconciliation Statement

Over to you Exercises



Exercise (1): Ahmed Company is unable to reconcile the bank statement at July ,31, 2014. Ahmed's reconciliation is as follow.

Balance as per bank statement		7500
Add: NSF checks	1100	
Interest earned	400	
		1500
Less: Bank services Charge		(100)
Adjusted balance per bank statement		8900
Balance per cash book		8200
Add: outstanding Checks	1000	
Collection of notes receivable	600	
		1600
Less: Deposit in transit		(1500)
Adjusted balance per cash book		8300

Required:

- (a) Prepare a correct bank reconciliation statement
- (b) Journalize the entries required by the reconciliation

.....
Bank Reconciliation Statement
.....

General Journal

Date	Explanation	Debit BD	Credit BD

Date	Explanation	Debit BD	Credit BD

Exercise (3): On June, 30, 2016, Fatima Company had a cash balance per books of BD13287. The bank statement on that date showed a balance BD13294. A comparison of the statement with the cash account revealed the following facts.

1. Statement included issued by Hend Company to Ahmed for BD650 that was incorrectly charged to Fatima Company by the bank.
2. Deposit in transit were BD1750.
3. Statement included a credit memo Interest earned for BD275
4. Outstanding checks NO#5010 is BD700 and check No#2002 is BD600
5. A BD980 note receivable was collected by the bank less collection fees BD80.
6. The statement included a debit memo of BD50 for bank services charge.
7. On June 12, the company issued check for equipment by BD153. The check, which cleared the bank in June, but recorded in the cash account forBD135.

Required:

- (a) Prepare the bank reconciliation statement at June,30,2016
- (b) Prepare the necessary adjusting entries at June,30,2016

.....

Bank Reconciliation Statement

.....

General Journal

Date	Explanation	Debit BD	Credit BD

Exercise (4): Ahmed Company is unable to reconcile the bank statement at July ,31, 2014. Ahmed’s reconciliation is as follow.

Balance as per bank statement		10200
Add: Outstanding Checks	900	
Collection of notes receivable	2200	
		3100
Less: NSF checks		(1050)
Adjusted balance per bank statement		12250
Balance per cash book		11800
Add: Deposit in transit	3800	
Bank services Charge	150	
		3950
Less: Interest earned		(300)
Adjusted balance per cash book		15450

Required:

- (a) Prepare a correct bank reconciliation statement
- (b) Journalize the entries required by the reconciliation

Exercise (5):

The following information is for Mona Est., at April, 31st 2014:

- 1- Balance per bank statement BD3000.
- 2- Cash account balance was BD2720.
- 3- Outstanding checks BD500.
- 4- Deposit in transit BD1000.
- 5- Bank service charge not recorded by the company BD10.
- 6- NSF check drawn by Raja BD290.
- 7- Notes Receivable collected by the bank BD900.
- 8- The company issued check for rent by BD240.The check was correctly in the bank statement but incorrectly in the cash account by BD420.

Required:

- 1 - Prepare the Bank Reconciliation Statement.
- 2- Make the Journal Entries.

.....
Bank Reconciliation Statement
.....

General Journal

Date	Explanation	Debit	Credit

Exercise (6):

The following information is for Hamad Est., at March 31st. 2015:

- 1- Balance per bank statement BD5500.
- 2- Cash account balance was BD2950.
- 3- Deposit in transit BD2300.
- 4- Dividends received directly by the bank BD4200.
- 5- Bank charge BD20.
- 6- Check # 456 deposited by mistake on our account BD950.
- 7- Check returned "refer to drawer" BD1480.
- 8- Unpresented checks BD1200.

REQUIRED:

- 1- Prepare the Bank Reconciliation Statement.
- 2- Make the Journal Entries.

.....
Bank Reconciliation Statement
.....

General Journal

Date	Explanation	Debit	Credit

Exercise (7): From the following information Prepare the bank Reconciliation statement and adjusted entries for Mahmoud Company for the month of January, 31, 2016:

NO	Title	BD
1	Balance per cash book	7100
2	Balance per bank statement	6860
3	Outstanding check	900
4	Deposit in transit	2100
5	Collection of account receivable	6000
6	Interest earned	1400
7	Services charge	310
8	Repayment of loan	6220
9	Dividends received by the bank not entered in business records	90

.....
.....
.....

(B) Prepare the Journal entries.

General Journal

Date	Explanation	Debit	Credit

Unit (3)

Control of cash – Petty Cash Book

Text Book Exercises



Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Exercise (2) – Page 78

Petty Cash Book

Total Receipts	Date	Particulars	Total Payments	Postage & Telegrams	Stationery	Transport Expense	Misc. Expense

General Journal

Date	Explanation	Debit	Credit

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Exercise (4) – Page 79

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

General Journal

Date	Explanation	Debit	Credit

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

General Journal

Date	Explanation	Debit	Credit

Exercise (6) – Page 80

Indicate whether each of the following statements is true or false by placing a "T" or an "F" in the space indicated. Explain the reason for each "F" response.

No.	Statements	T/F	Correction
1.	The entry to replenish petty cash includes a debit to Petty Cash and a credit to Cash.		
2.	A Petty Cash is a small sum of cash used to make immediate cash payments.		
3.	The entry to replenish a petty cash fund includes: Debits to various expense accounts and a credit to Petty Cash Fund.		

Exercise (7) – Page 81

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Exercise (9) – Page 83

Yousif is the petty cashier in his office and he is allowed a weekly float of BD38. On 1st May 2013, he has a BD19 balance on hand and received from the chief cashier to make up the float.

Required: Complete the following Petty Cash Book and make the necessary Journal entries.

PETTY CASH BOOK

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	
.....												
		May 01	.....									
		01	.....									
		02	Bus fares	0	850								
		03	Telegrams	5	350								
		04	Repairs	7	000								
		05	Postage stamps	0	600								
		05	Taxi fares	4	500								
		06	Pencils, pens & ink	3	200								
		07	Photo copy paper	4	000								
			Total										

Unit (3)

Control of Cash – Petty Cash Book

Over to You Exercises



890			6547
3254			
594	6547	3254	594
	0.25		0.25
	449	890	449
	890		890

Exercise (1): the following transactions were complete by Khaled Company during may,2015.

May,1 : Balance in hand BD200.

May,5 : Paid for stationery BD30.

May, 9 : Paid for postage stamps BD20.

May,15: Paid for carriage BD70.

May,28: Paid for stationery BD25.

Required:

- 1) Enter the above transactions in the Petty Cash Book.
- 2) Show the balance of Cash on May,31,2015

Petty Cash Book

Receipt	Cash Book Folio	Date	Particulars	V. No.	Total Payment	Postages	Carriage	Stationery
			Total					
			Bal. C/d					
			Bal. B/d					

Exercise (2): Enter the following items in the Petty Cash Book, using columns for: Postage & Telegrams – Stationery – Transport – Miscellaneous Expenses:

- May 06 Received BD30.000 from the chief cashier to establish the Petty Cash Book.
- 07 Paid BD7.350 for the carrier's account.
- 07 Paid BD6.000 for computer repairs.
- 08 Purchased pens BD1.000 and paid BD3.250 for cleaning expense.
- 09 Sent registered package BD2.500.
- 10 Bought stamps BD0.750.
- 10 Bought papers for the photocopy machine, BD4.000.
- 11 Paid BD2.300 for taxi fares.
- 12 Received reimbursement for the week's expenditure to restore the float.

Petty Cash Book

Total Receipts	Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Exercise (3): Enter the following items in the Petty Cash Book, using columns for: Postage & Telegrams – Stationery – Transport – Miscellaneous Expenses:

- Feb 01 Received BD75.000 from the chief cashier to establish the Petty Cash Book.
- 04 Paid BD12.500 for the freight out.
- 06 Paid BD8.250 for postage.
- 10 Purchased ink BD2.750.
- 13 Sent registered package BD2.150.
- 15 Bought A4 white paper BD10.450.
- 16 Entertainment expenses, BD7.000.
- 18 Paid BD0.900 for bus fares.
- 20 Received reimbursement for the week's expenditure to restore the float.

Petty Cash Book

Total Receipts		Date	Particulars	Total Payments		Postage & Telegrams		Stationery		Transport Expense		Misc. Expense	

Unit (4)

Business Documentation Text Book Exercises



Exercise (1) – page 104

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Al Salam Company Account

Date	Explanation	PR	Debit	Credit	Balance

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Exercise (3) – page 111

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Fahad Hyper Market Account

Date	Explanation	PR	Debit	Credit	Balance

Unit (4)

Business Documentation

Over to you Exercises



Exercise (1): You are required to record the following documents in the **General Journal** of Nabeel Cleaning Services, and then post to **Cash Account** in the Ledger.

NABEEL CLEANING SERVICES	
Tel.17254521-17254522 Fax 17254620 P.O.Box 3210	
Kingdom of Bahrain	
RECEIPT	
BD 1200.000	No.320
Received from: Faris Ahmed	
Sum of BD : One thousand and two hundred only	
For: Cleaning service	
Date: February 07, 2007	Mona
	Cashier Signature

No. 122354629	AL AMAL BANK
Date: 14 February 2015	No. 122354629 Date: 14 February 2015
To: Mohamed Haji.	Pay to the order of Mohamed Haji
	The sum of BD one hundred and ten.
BD110.000	BD110.000
For: January Salary	Account No. 033007347620
	Nabeel Ali

MEMORANDUM

From: Owner – Nabeel Ali

No. 10

To: Accounting Clerk

Date: 22 February, 2015

I withdrew cash BD250.000 for personal use from my Account No. 033007347620 in Al-Shamil Bank.

Owner

Nabeel Ali

No. 122354630

AL AMAL BANK

Date: 28 February 2015

No. 122354630

Date: 28 February 2015

To: Asma Est.

Pay to the order of Asma Est.

The sum of BD Forty only.

BD40.000

BD 40.000

For: Buying cleaning supplies

Account No. 033007347620

Nabeel Ali

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Exercise (2): (A) You are required to record the following documents in the General Journal of Sabreen Cleaning Services:

TAHANI FURNISHING			Invoice SM.682-07-25		
Tel.17231457-17231458 Fax 17231985 P.O.Box 2148			No. 9630		
Kingdom of Bahrain			Date: 02-05-2016		
Name: Sabreen Cleaning Services					
P.O. Box 3480					
Kingdom of Bahrain					
No.	Item Description	Qty.	U. Price(BD)	Value(BD)	
1	Office tables	5	200 000	1000	000
2	Chairs	5	20 000	100	000
One thousand one hundred only				1100	000

SABREEN CLEANING SERVICES			Invoice SM.682-07-25		
Tel.17254687-17254688 Fax 17254126 P.O.Box 3480			No. 10540		
Kingdom of Bahrain			Date: 08-05-2016		
Name: Bader Hussain					
P.O. Box 10400					
Kingdom of Bahrain					
No.	Item Description	Qty.	U. Price(BD)	Value(BD)	
1	Cleaning Service	----	65 000	65	000
Sixty five only				65	000

SABREEN CLEANING SERVICES

Tel.17254687-17254688 Fax 17254126 P.O.Box 3480

Kingdom of Bahrain

RECEIPT

BD 50/-

No.7410

Received from: Ahmed Hassan

Sum of BD : Fifty only

For: Cleaning service

Date: May 13, 2016

Eman

Cashier Signature

SABREEN CLEANING SERVICES

Tel.17254687-17254688 Fax 17254126 P.O.Box 3480

Kingdom of Bahrain

Invoice KJ.682-01-22

No. 10541

Date: 20-05-2016

Name: Amal Habib
 P.O. Box 8702
 Kingdom of Bahrain

No.	Item Description	Qty.	U. Price(BD)	Value(BD)
1	Cleaning service	----	70 000	70 000
Seventy only				70 000

No. 154215487	AL AMAL BANK
Date: 26 May 2016	No. 154215487 Date: 26 May 2016
To: Tahani Furnishing	Pay to the order of Tahani Furnishing
BD1100.000	The sum of BD On Thousand One Hundred Only
For: Invoice No.9630	BD 1100.000
	Account No. 30204050
	Sabreen Ahmed

SABREEN CLEANING SERVICES Tel.17254687-17254688 Fax 17254126 P.O.Box 3480 Kingdom of Bahrain	
RECEIPT	
BD 30.0000	No.7411
Received from: Bader Hussain	
Sum of BD : Thirty only	
For: Invoice no. 10540	
Date: May 28, 2016	
	Eman Cashier Signature

General Journal

Date	Explanation	Debit	Credit

(B) Post to the following accounts in the Ledger:

Accounts Receivable – Bader Hussain

Date	Explanation	PR	Debit	Credit	Balance

Accounts Payable – Tahani Furnishing

Date	Explanation	PR	Debit	Credit	Balance

Exercise (3): You are required to record the following documents in the **General Journal** of Bander Cleaning Services, and then post to **Accounts Receivable** and **Accounts Payable** in the Ledger.

MEMORANDUM	
From: Owner – Bander Ali	No. 1
To: Accounting Clerk	
Date: 01 November, 2016	
My business started today, I deposited BD20, 000 in Account No.022009338601 in Bahrain Islamic Bank, as an investment.	
Owner Bander Ali	

BANDER CLEANING SERVICES		Invoice MO.320-05-10		
Tel.17254521-17254522 Fax 17254620 P.O.Box 3210		No. 022		
Kingdom of Bahrain		Date: 05-11-2016		
Name: Saeed Mohammed				
P.O. Box 9585				
Kingdom of Bahrain				
No.	Item description	Qty.	U. Price(BD)	Value(BD)
1	Laundry services			20 000
2	Dry cleaning services (suits)	8	5 000	40 000
Sixty only				60 000

MUHARRAQ WORKSHOP		Invoice SM.541-03-15		
Tel.17341582-17341583 Fax 17341214 P.O.Box 5874		No. 688		
Kingdom of Bahrain		Date: 12-11-2016		
Name: Bander Cleaning Services				
P.O. Box 3210				
Kingdom of Bahrain				
No.	Item description	Qty.	U. Price(BD)	Value(BD)
1	Maintenance for washing machine			70 000
			Seventy only	70 000

BANDER CLEANING SERVICES	
Tel.17254521-17254522 Fax 17254620 P.O.Box 3210	
Kingdom of Bahrain	
RECEIPT	
BD 35.000	No.1
Received from: Saeed Mohammed	
Sum of BD : Thirty Five only	
For: Invoice No.022	
Date: November 20, 2016	
Sami	
Cashier Signature	

Date	Explanation	PR	Debit	Credit	Balance

Accounts Payable – Muharraq Workshop

Date	Explanation	PR	Debit	Credit	Balance

Exercise (4): You are required to record the following documents in the **General Journal** of Nabeeha Cleaning Services, then post to **Cash Account** and **Accounts Receivable (Ahmed Adel)** in the Ledger.

MEMORANDUM	
From: Owner – Nabeeha Hassan	No. 1
To: Accounting Clerk	
Date: 01 April, 2015	
My business started today, I deposited BD15, 000 in Account No.022009338601 in Bahrain Islamic Bank, as an investment.	
	Owner
	Nabeeha hassan

NABEEHA CLEANING SERVICES			Invoice MO.320-05-10		
Tel.17254521-17254522 Fax 17254620 P.O.Box 3210			No. 1865		
Kingdom of Bahrain			Date: 06-04-2015		
Name: Ahmed Adel					
P.O. Box 9300					
Kingdom of Bahrain					
No.	Item description	Qty.	U. Price(BD)		Value(BD)
1	Cleaning services for offices				480 000
2	Cleaning services for carpet				220 000
Seven hundred only					700 000

ESRA EST.			Invoice SM.541-03-15		
Tel.17341582-17341583 Fax 17341214 P.O.Box 5874			No. 9030		
Kingdom of Bahrain			Date: :08-04-2015		
Name: Nabeeha Cleaning Services					
P.O. Box 3210					
Kingdom of Bahrain					
No.	Item description	Qty.	U. Price(BD)		Value(BD)
1	Cleaning Supplies				400 000
Four hundred only					400 000

NABEEHA CLEANING SERVICES

Tel.17254521-17254522 Fax 17254620 P.O.Box 3210
Kingdom of Bahrain

RECEIPT

BD 300/-

No.200

Received from: Ahmed Adel

Sum of BD : Three hundred only

For: Invoice No.1865

Date: April 14, 2015

Yaser

Cashier Signature

No. 500124

FAISAL BANK

Date: 22 April 2015

No. 500124

Date: 22 April 2015

To: Esra Est.

Pay to the order of Esra Est.

The sum of BD Four hundred only.

BD400.000

BD 400.000

For: Invoice No.9030

Account No. 022009338601

Nabeeha Hassan

NABEEHA CLEANING SERVICES Tel.17254521-17254522 Fax 17254620 P.O.Box 3210 Kingdom of Bahrain RECEIPT	
BD 100.000	No.201
Received from: Ahmed Adel	
Sum of BD : One hundred only	
For: Cleaning Services	
Date: April 25, 2015	
	Yaser Cashier Signature

No. 500125	FAISAL BANK
Date: 30 April 2015	No. 500125 Date: 30 April 2015
To: Mohamed Haji.	Pay to the order of / Mohamed Haji.
	The sum of BD Seven hundred and fifty only.
BD750.000	BD 750.000
For: April Salary	Account No. 022009338601 Nabeeha Hassan

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Accounts Receivable – Ahmed Adel

Date	Explanation	PR	Debit	Credit	Balance

Exercise (5): You are required to record the following documents in the General Journal of Saleh Computer Services:

SALEH COMPUTER SERVICES			Invoice SM.682-07-25		
Tel.17342255-17342256 Fax 17341587 P.O.Box 5600			No. 3200		
Kingdom of Bahrain			Date: 05-04-2015		
Name: Hind Studio					
P.O. Box 5940					
Kingdom of Bahrain					
No.	Item Description	Qty.	U. Price(BD)	Value(BD)	
1	Computer Service	----	80 000	80	000
Eighty only				80	000

AL-DOHA COMPUTER EQUIPMENT			Invoice KJ.682-01-22		
Tel.17431584-17431585 Fax 17431121 P.O.Box 5870			No. 6500		
Kingdom of Bahrain			Date: 10-04-2015		
Name: Saleh Computer Services					
P.O. Box 5600					
Kingdom of Bahrain					
No.	Item Description	Qty.	U. Price(BD)	Value(BD)	
1	Computer equipment	4	220 000	880	000
2	HP laser printer	4	80 000	320	000
One thousand two hundred only				1200	000

SALEH COMPUTER SERVICES

Tel.17342255-17342256 Fax 17341587 P.O.Box 5600
Kingdom of Bahrain

RECEIPT

BD 80.000

No.6890

Received from: Hind Studio

Sum of BD : Eighty only

For: Invoice No. 3200

Date: April 18, 2015

Ahlam

Cashier Signature

No. 2514214522

AL AMAL BANK

Date: 23 April 2015

No. 2514214522

Date: 23 April 2015

To: Al-Doha Computer

Pay to the order of Al-Doha Computer

Equipment

Equipment

The sum of BD Seven Hundred Only

BD700.000

BD 700.000

For: Invoice No.6500

Account No. 4052012500

Saleh Ali

General Journal

Date	Explanation	Debit	Credit

Exercise (6): You are required to record the following documents in the General Journal of Hana Company, then **post to Cash Account only** (Cash balance was BD6600).

AL-BADER COMPANY Tel.17278254-17278256 Fax 17271425 P.O.Box 4900 Kingdom of Bahrain		Invoice SM.325-07-18 No. 8754 Date: 03-10-2016				
Name: Hana Company P.O. Box 6100 Kingdom of Bahrain						
No.	Item description	Qty.	U. Price(BD)		Value(BD)	
1	Television – Sony	10	320	000	3200	000
2	Washing machines – Sharp	12	100	000	1200	000
Four thousands four hundred only					4400	000

HANA COMPANY		Invoice SM.682-07-25		
Tel.17341582-17341586 Fax 17341342 P.O.Box 6100		No. 5471		
Kingdom of Bahrain		Date: :12-10-2016		
Name: Stars Company				
P.O. Box 8791				
Kingdom of Bahrain				
No.	Item description	Qty.	U. Price(BD)	Value(BD)
1	Television – Sony	6	380 000	2280 000
Two thousands two hundred eighty only				2280 000

SALEM FLOWER SHOP	
Tel.17341582-17341586 Fax 17322147 P.O.Box 2587	
Kingdom of Bahrain	
RECEIPT	
BD 760.000	No.150
Received from: Jassim Ahmed	
Sum of BD : Seven hundred sixty only	
For: Sale of two TV (Sony)	
Date: October 15, 2016	
	Hanadi
	Cashier Signature

MEMORANDUM

From: Owner – Hana Murad

No. 25

To: Accounting Clerk

Date: 22 October, 2016

I withdrew cash for BD350 for personal use from Account no.304021102 in Shamil Bank.

Owner

Hana Murad

No. 1212141758

AL AMAL BANK_

Date: 28 October 2016

No. 1212141758

Date: 28 October 2016

To: Al-Bader Company

Pay to the order of Al-Bader Company

The sum of BD Two thousands.

BD2000.000

BD 2000.000

For: Invoice No.8754

Account No. 304021102

Hana Murad

General Journal

Date	Explanation	Debit	Credit

Cash Account

Date	Explanation	PR	Debit	Credit	Balance

Unit (5)

Valuation of inventory

Text Book Exercises



Exercise (1) –Page 122

Calculate the **Ending Inventory** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Ending Inventory** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (3) –Page 123

Calculate the **Ending Inventory** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Ending Inventory** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (5) –Page 124

Calculate the **Ending Inventory** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (6) –Page 125

1) Calculate the **Ending Inventory** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Ending Inventory** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Calculate the **Cost of Goods Sold** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

- 2).....

 3).....

Exercise (7) –Page 125

Choose the correct answer:

1. Assume that at start of the year, you have 100 units in stock that cost BD20 per unit. You buy 200 units more at BD30 each during January. At the end of January you sell 150 units at BD40 each. Assuming that you are using FIFO, the Cost of Goods Sold for the units sold is:
 - (a) BD4,500
 - (b) BD2,500
 - (c) BD3,500
 - (d) BD3,250

2. Assuming the firm uses FIFO, the value of inventory after the sale takes place is:
 - (a) BD4,500
 - (b) BD3,000
 - (c) BD2,500
 - (d) BD4,000

3. Assuming the firm uses LIFO , the Cost of Goods Sold is:
 - (a) BD4,500
 - (b) BD3,500
 - (c) BD2,500
 - (d) BD3,000

4. Assuming the firm using LIFO, the value of inventory after the items are sold is:
 - (a) BD6,000
 - (b) BD2,000
 - (c) BD4,500
 - (d) BD3,500

5. If other items remain the same, the larger the ending inventory valuation:
- (a) The higher the cost of goods sold.
 - (b) The higher the reported net income.
 - (c) The lower the reported gross profit on sales.
 - (d) The lower the reported net income.
6. A firm that sells a single product had a beginning inventory of 4,000 units with a total cost of BD24,000. Early in the year, 10,000 units were purchased at BD8 each. Using FIFO, what is the value of the ending inventory of 3,000 units?
- (a) BD24,000.
 - (b) BD18,000.
 - (c) BD21,000.
 - (d) BD32,000.
7. A firm that sells a single product had a beginning inventory of 4,000 units with a total cost of BD12,000. Early in the year, 8,000 units were purchased at BD5 each. Using LIFO, what is the value of the ending inventory of 2,000 units?
- (a) BD10,000.
 - (b) BD6,000.
 - (c) BD8,000.
 - (d) BD20,000.
8. The cost of the earliest merchandise purchased is assigned to ending inventory when a company uses:
- (a) the LIFO method.
 - (b) the FIFO method.
 - (c) the average cost method.
 - (d) the lower of cost or market method.

9. The firm had a beginning inventory of 50 units with a unit cost of BD10. Purchases during the year were as follows: March--50 units with a unit cost of BD12; July--60 units with a unit cost of BD15. If LIFO method is used, the value of the ending inventory of 40 units is:
- (a) BD400
 - (b) BD450
 - (c) BD600
 - (d) BD500

Unit (5)

Valuation of inventory

Over to you Exercises

890			6547
3254			
594	6547	3254	594
	0.25		0.25
	449	890	449
	890		890

Exercise (1): The following information relate to Razan Company for the July, 2016:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
July 01	Inventory	650	3	1950
05	Purchases	200	5	1000
15	Purchases	150	5	750
25	Purchases	500	6	3000

During the month, 900 units were sold.

REQUIRED:

Calculate the **Ending Inventory** using FIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

(B) The following information relate to Sarah Sweet Shop for the month of January 2015:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
January 01	Inventory	200	7	1400
11	Purchases	70	8	560
20	Purchases	130	10	1300
31	Purchases	300	9	2700

During the month, 530 units were sold.

REQUIRED:

Calculate the **Cost of Goods Sold** using **LIFO** method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (2): Given below is information extracted from the books of Habiba Company for the month of April 2014:

Date	Explanation	Units	Unit cost (BD)
April 1	Inventory	800	20
April 10	Purchases	950	22
April 18	Purchases	1250	25
April 27	Purchases	1500	26

Sales during the year were 1750 units.

Required:

- 1- Compute the cost of goods sold and ending inventory using the FIFO method, show your calculations.

<u>Cost of goods sold</u>	<u>Ending inventory</u>

- 2- Compute the cost of goods sold and ending inventory using the LIFO method, show your calculations.

<u>Cost of goods sold</u>	<u>Ending inventory</u>

Exercise (3): The following information relate to Hani Flower shop for the period ended 31st March, 2016:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
January 1	Inventory	300	12	3600
February 5	Purchases	200	15	3000
March 1	Purchases	500	16	8000
March 7	Purchases	400	17	6800
March 31	Inventory	600		

REQUIRED:

Calculate the **Cost of Goods Sold** using **FIFO** method.

Date	Units	Unit Cost (BD)	Total Value (BD)

(B) The following information relates to Raja Book Shop for the period ended 31st December, 2016:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
January 1	Inventory	2500	5	12500
April 10	Purchases	500	10	5000
September 20	Purchases	300	7	2100

On 31st December 2006 30% of total units remain on hand.

Required:

Calculate the cost of **Ending Inventory** using LIFO method.

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (4): The following information relate to Al Amal Company for the period ended 31st July 2015:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
July 01	Inventory	300	5	1500
12	Purchases	200	6	1200
23	Purchases	400	7	2800
31	Sales	320		
Total				

Required:

Calculate the **Ending Inventory** and **Cost of Goods Sold** using

- 1- FIFO method.
- 2- LIFO method.

1- **FIFO Method:**

- **Ending Inventory:**

Date	Units	Unit Cost(BD)	Total Value (BD)

- **Cost of Goods Sold:**

Date	Units	Unit Cost(BD)	Total Value (BD)

2- LIFO Method:**- Ending Inventory:**

Date	Units	Unit Cost (BD)	Total Value (BD)

- Cost of Goods Sold:

Date	Units	Unit Cost (BD)	Total Value (BD)

Exercise (5): The following information were extracted from the records of Riffa Company for the month of May 2015:

Date	Explanation	Units	Unit Cost (BD)	Total Value (BD)
May 01	Inventory	180	6	1080
05	Purchases	120	8	960
18	Purchases	200	11	2200
Total		500		4240

*275 units were sold.

Required:

- 1- Calculate the **Ending Inventory** using **FIFO** and **LIFO** method.
- 2- Prove the amount allocated to the cost of goods sold under each method.

1- **FIFO Method:**

Date	Units	Unit Cost (BD)	Total Value (BD)

LIFO Method:

Date	Units	Unit Cost (BD)	Total Value (BD)

2- Cost of goods sold

	FIFO	LIFO
Cost of goods available for sale		
Less Ending Inventory		
= Cost of goods sold		

Unit (6)

Financial Statement Analysis

Text Book Exercises



Choose the correct answer:

1. Comparison of data within a company is an example of the following comparative basis:
 - a) Industry average
 - b) Intracompany
 - c) Intercompany
 - d) Both (b) and (c)

2. In Horizontal Analysis, each item is expressed as a percentage of the:
 - a) Net Income amount
 - b) Stockholder's amount
 - c) Total Assets amount
 - d) Base year amount

3. Asma Company reported Net Sales of BD300,000, BD330,000 and BD360,000 in the years, 2012, 2011 and 2010 respectively. If 2010 is the base year, what is the trend percentage for 2012?.
 - a) 77%
 - b) 108%
 - c) 120%
 - d) 130%

Exercise (2) – Page 147

2011	2010	2009	2008
BD41031	BD39004	BD33664	BD30777

Exercise (3) – Page 147

Account	Dec,31,2013	Dec,31,2012	Percent %
Account Receivable	BD52,000	BD40,000	
Inventory	BD84,000	BD60,000	
Total Assets	BD136,000	BD100,000	

Exercise (4) – Page 147

Aisha Co. has a net income of BD60,000 in 2011 and BD40,000 in 2012, and BD50,000 in 2013.

- What is the percentage of change from:
 - ◆ 2011 to 2012
 - ◆ 2012 to 2013
- Is the change an increase or decrease?

Exercise (5) – Page 148

Using Vertical Analysis complete the following:

Account	<u>Amount</u> (BD)	Percent %
Current Assets	<u>200,000</u>	
Property, Plant and Equipment	<u>600,000</u>	
Total Assets	<u>800,000</u>	

Exercise (6) – Page 148

Compute the percentage Of Balance sheet For Sami Est., using vertical Analysis

Sami Est.

Balance sheet

At Dec, 31, 2011

Account	Amount (BD)	Percent %
Current Assets	35,000	
Plant Assets	65,000	
Total Assets	100,000	
Current liabilities	25,000	
Stockholder's Equity	75,000	
Total Liability and Equity	100,000	

Exercise (7) – Page 149

Using the vertical, Analysis complete the following table:

Account	Amount (BD)	Percent %
Sales	35,600	
- Sales Returns	1,600	
Net Sales	34,000	
- Cost of goods sold	18,400	
Gross Profit	15,600	

Unit (6)

Financial Statement Analysis

Over to you Exercises



An open notebook with a grid of numbers in red ink, representing a T-account. The numbers are arranged as follows:

890			6547
3254			
594	6547	3254	594
	0.25		0.25
	449	890	449
			890

Exercise (1): Using the Vertical analysis, you are required to complete table 1 and 2:

Table (1)

Account	Amount	Calculation	%
Current Assets	5000		
Fixed Assets	7000		
Total Assets	12000		

Table (2)

Account	Amount	Calculation	%
Net Sales	65 000		
Gross Profit	34 000		
Total Expense	12 300		
Net Income	21 700		

Exercise (2): Using the vertical analysis complete the following table:

Account	Amount (BD)	%
Sales	35600	
- Sales returns	1600	
Net sales	34000	
Cost of goods sold	18400	
Gross profit	15600	

Exercise (3) - (A) Measure the percentage of increase or decrease using Horizontal analysis for the total Assets, if year 2013 is the base period:

2016	2015	2014	2013
BD66 000	BD45 000	BD33 000	BD30 000

(B) Using the Vertical analysis, you are required to complete table 1 and 2:

Table (1)

Account	Amount	Calculation	%
Current Assets	70 000		
Fixed Assets	120 000		
Total Assets	190 000		

Table (2)

Account	Amount	Calculation	%
Net Sales	45 000		
Gross Profit	27 000		
Rent Expense	5 400		
Net Income	10 800		

Exercise (4): Using the following information, compute all percentage of Income Statement for Mansoor Co. using the Vertical Analysis, (show your calculations)

	2016		2015	
	Amount	Percentage	Amount	Percentage
Sales	70 000		75 000	
Cost of goods sold	32 200		46 250	
Gross Profit	37 800		28 750	
Expenses	5 000		10 250	
Net Profit	32 800		18 500	

Exercise (5): Using the **Vertical analysis**, you are required to complete table:

Account	Amount (BD)	Calculation	%
Current Assets			

Cash	15,000		
Supplies	3,000		
Equipment	12,000		
Building	80,000		
Total Assets	110,000		
Liabilities			
Account Payable	16,000		
Bonds Payable	24,000		
Owner's Equity			
Capital	70,000		
Total liabilities and Equity	110,000		