

KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION
DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

50

50

RESIT EXAM 2017/2018

MODEL ANSWERS

COURSE NAME: ACCOUNTING (2)

TRACK: توحيد المسارات

COURSE CODE: 212 محا

TIME: 2 Hours

QUESTION ONE:

Choose the correct answer:

10

10

- 1- Prior to recording adjusting entries, the office supplies account had a BD450 debit balance. A physical count of the office supplies showed BD200 of unused supplies available. The required adjusting entry is:

(State the steps of the solution)

درجة على الاختيار ودرجة
على توضيح الحل

2

- a) Debit supplies expense BD200 and Credit supplies BD200.
b) Debit supplies BD200 and Credit supplies expense BD200.
c) **Debit supplies expense BD250 and Credit supplies BD250. ✓ /**
d) Debit supplies BD250 and Credit supplies expense BD250.

Supplies Expense = 450-200= BD250 /

- 2- On April 1 2016, the company paid BD3,600 for one year insurance policy with benefit beginning on that date. What will be the insurance expense on the annual income statement for the year ended Dec 31 2016?

(State the steps of the solution)

a) **BD2,700 ✓ /**

b) BD3,600

c) BD1,200

d) BD2,400

درجة على الاختيار ودرجة
على توضيح الحل

2

Insurance Expense = 3600 × (9÷12) = BD2700 /

- 3- Accrued revenues is reported in the financial statement as:

a) A Revenue on the income statement.

b) **An Asset on the balance sheet. ✓ /**

c) A liability on the balance sheet.

d) None of the above.

1

4- The adjusting entry to record the earned but unpaid salaries of employees at the end of accounting period is:

1

a) Debit salaries expense and Credit cash.

b) Debit salaries expense and Credit salaries payable. ✓ /

c) Debit cash and Credit salaries expense.

d) Debit salaries payable and Credit salaries expense.

5- The difference between the original cost of asset and the salvage value for the asset is called:

1

a) Depreciation Expense

b) Depreciation Base. ✓ /

c) Accumulated Depreciation.

d) Net Book Value.

6- On May 1 2014, Arwa Company purchased equipment by cost BD37,000. It is estimated a salvage value BD1,000 at the end of useful life 4 years. The company uses straight-line method. The depreciation expense for the first year 2014 is: (State the steps of the solution)

درجة على الاختيار ودرجة
على توضيح الحل

2

a) BD9,000

b) BD6,000 ✓ /

c) BD9,250

d) BD6,750

$$\text{Depreciation Expense} = (37000 - 1000) \div 4 = \text{BD9000}$$

$$= 9000 \times (8 \div 12) = \text{BD6000} \quad /$$

7- Ending inventory is classified after adjustment in the work sheet:

a) Debited in income statement and Debited in balance sheet.

b) Debited in income statement and Credited in balance sheet.

c) Credited in income statement and Credited in balance sheet.

e) Credited in income statement and Debited in balance sheet. ✓ /

1

QUESTION TWO:

The income statement information for 2016 of the Raja Company.

11×1

11

Account Title	BD	Account Title	BD
Sales	200,000	Ending Inventory	???
Beginning Inventory	12,000	Cost of Goods Available for Sales	150,000
Sales Discount	15,000	Gross Profit	???
Cost of Purchases	???	Total Operating Expenses	???
Net Income	40000	Cost of Goods Sold	130,000
Net Sales	???		

Required: Prepare the **Income Statement** and calculate the missing amount

Raja Company
Income Statement
For the year ended Dec 31 2016

تعطي درجة
الشرطه في قائمة
الدخل علي اسم
الحساب مع الرقم
في حالة صحة
الاثنين معا

Sales /		200,000	
- Sales Discount /		15,000	
= Net Sales /		185,000	
- COGS:			
Beginning Inventory /	12,000		
+ Cost of Purchases /	138,000		
= Cost of Goods Available for Sales /	150,000		
- Ending Inventory /	20,000		
= Cost of Goods Sold /		130,000	
= Gross Profit /		55,000	
- Total Operating Expenses /		15,000	
= Net Income /		40000	

QUESTION THREE:

On Jan 1 2012, Salman Company purchased a motor van by cost price BD47,000, paid insurance BD2,800 and tax BD2,200. It has an estimated a salvage value BD2,000 at the end of useful life 5years. The company uses double declining balance method.

32×0.25

8

Required:

a) Calculate acquisition cost and depreciation rate.

$$\text{Acquisition Cost} = / 47,000 + / 2,800 + / 2,200 = / \text{BD}5,2000$$

$$\text{Depreciation Rate} = (/ 100 \div / 5) \times / 2 = / 40\%$$

b) Complete the following table to find depreciation expense, accumulated depreciation and net book value for 5 years.

Year	Calculation	Depreciation expense	Accumulated depreciation	Net book value
2012	$52,000 \times 40\% /$	20,800 /	20,800 /	31,200 /
2013	$31,200 \times 40\% /$	12,480 /	33,280 /	18,720 /
2014	$18,720 \times 40\% /$	7,488 /	40,768 /	11,232 /
2015	$11,232 \times 40\% /$	4,492.8 /	45,260.8 /	6,739.2 /
2016	$(6,739.2 - 2,000) /$	4,739.2 /	50,000 /	2,000 /

تعطي درجة الشرط في قيد اليومية على البيان مع الرقم في حالة صحة الاثنتين معا

*الخطأ مترتب في حالة اخطأ الطالب في عمود Calculation ,Depr Exp. تحسب له درجات عمودي Accumu Depr, N.B.V إذا كانت طريقة حساب الأرقام صحيحة.

(c) Prepare the journal entry for year 2014.

Date	Explanation	Debit	Credit
Dec 31 2014	Depreciation Expense //	7,488	
	Accumulated Depreciation //		7,488

QUESTION FOUR:

8×0.5

4

AL Eman Company had the following balances on Dec 31 2014:

Credit Sales BD 500,000.

Account Receivable BD200,000.

Provision (allowance) for doubtful debts- credit balance BD6,000.

The following transactions was occurred during Jan 2015.

Jan 1 : Provision for doubtful debts is to be increased to 5% of account receivable.

Jan 8 : The customer Mohammed has bankrupt and wrote off his balance BD900 was bad debts.

Jan 25: Mohammed paid BD400 from his balance, which wrote off on Jan 8 2015.

Required:

Journalize the above transactions, if the company uses allowance

General Journal

تعطي درجة
الشرطه في قيد
اليومية على البيان
مع الرقم في حالة
صحة الاثنين معا

Date	Explanation	Debit	Credit
Jan 1	Bad Debts Expenses / $(200,000 \times 5\%) - 6,000$	4,000	
	Provision (allowance) for doubtful debts/		4,000
Jan 8	Provision (allowance) for doubtful debts /	900	
	Account Receivable- Mohammed /		900
Jan 25	Account Receivable- Mohammed /	400	
	Provision (allowance) for doubtful debts /		400
Jan 25	Cash /	400	
	Account Receivable- Mohammed /		400

QUESTION FIVE:

You are required to prepare the adjusting entries and complete the following work sheet for Sami Company for the year ended on Dec 31 2016.

34×0.5

17

Adjustments:

- 1- Accrued interest on notes payable BD650.
- 2- Services performed to customers on account for BD800 but unrecorded.

تعطي درجة الشرطه في قيد اليومية على البيان مع الرقم في حالة صحة الاثنتين معا

General Journal

Date	Explanation	Debit	Credit
Dec 31	Interest Expense /	650	
	Interest Payable /		650
Dec 31	Account Receivable /	800	
	Services Revenue /		800

Sami Company
Work Sheet

For the year ended on Dec 31 2016

Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	21,000				/21,000				/21,000	
Account Receivable	1,700		/800		/2,500				/2,500	
Building	80,300				/80,300				/80,300	
Account Payable		9,600				/9,600				/9,600
Capital		90,900				/90,900				/90,900
Drawing	2,150				/2,150				/2,150	
Services Revenue		12,500		/800		/13,300		/13,300		
Rent Expense	3,250				/3,250		/3,250			
Salary Expense	4,600				/4,600		/4,600			
Total	11,3000	11,3000								
Interest Expense			/650		/650		/650		/650	
Interest Payable				/650		/650				/650
Total			1,450	1,450	114,450	114,450	8,500	13,300	105,950	101,150
Net Income							4,800	/	/	4,800
Grand Total							13,300	13,300	105,950	105,950

END OF EXAM