

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

**FIRST SEMESTER EXAM 2014/2015**

**MODEL ANSWERS**

**COURSE NAME: ACCOUNTING (2)**

**TRACK: توحيد المسارات**

**COURSE CODE: 212** محا

**TIME: 2 Hours**

**QUESTION ONE:**

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Hassan Company bought a truck on 1<sup>st</sup> July 2013. Relevant information is given below:

Cost price	BD45,000	Salvage value	BD10,000
Import tax	BD2,000	Useful life	4 years
Insurance	BD800		

**Required:** By using the **Double Declining Method**, compute the following:

(14 ×  $\frac{1}{2}$ )

A. The Acquisition Cost.

$$45,000 + 2,000 + 800 = \text{BD}47,800$$

B. The Depreciation Expense for year 2013.

$$47,800 \times 50\% \times 6/12 = \text{BD}11,950$$

C. The Net Book Value for year 2013.

$$47,800 - 11,950 = \text{BD}35,850$$

D. Prepare the journal entry for year 2013.

**GENERAL JOURNAL**

Date	Explanation	Debit (BD)	Credit (BD)
Dec.31, 2013	Depreciation Expense	11,950	
	Accumulated Depreciation		11,950

**QUESTION TWO:**

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The following balances were extracted from the books of Al-Amana Company on 31<sup>st</sup> December 2012:

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	BD
Opening Inventory	8,500
Purchases	95,000
Purchases Returns	3,100
Purchases Discount	600

	BD
Ending Inventory	12,700
Carriage Inwards	900
Insurance on purchases	350

**Required:**

Using the above information, complete the following Income Statement:

(18 x 1/2)

**Al-Amana Company**

## Income Statement

For the year ended 31<sup>st</sup> December, 2012

<b>Revenue from Sales:</b>			
Sales		126,000	
Less: Sales returns & allowances	1,800		
Sales discount	700	2,500	
Net Sales			123,500
<b>Cost of Goods Sold:</b>			
Opening Inventory		8,500	
Purchases	95,000		
Less: Purchases Returns	3,100		
Purchases Discount	600		
Net Purchases	91,300		
<b>Add: Expenses on Purchases:</b>			
Carriage Inwards	900		
Insurance on purchases	350		
Cost of Purchases		92,550	
Cost of goods available for sale		101,050	
Less: Ending Inventory		12,700	
Cost of Goods Sold			88,350
Gross Profit			35,150
<b>Operating Expenses:</b>			
Advertising Expense		700	
Utilities Expense		550	
Freight out		450	
Total Operating Expenses			1,700
Net Profit			33,450

**QUESTION THREE:**

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Tariq Hashim Est. bought new furniture, relevant information is given below:

Cost price	BD25,000
Shipping fees	BD650
Installation fees	BD250

Salvage value	BD1,500
Useful life	5 years
Date of purchase	1 <sup>st</sup> January, 2014

**Required:**

(16x½)

Using the **Straight Line Method** calculate the Depreciation Expense, Accumulated Depreciation & Net Book Value for the five years in the following table:

Year	Calculation	Depreciation Expense	Accumulated Depreciation	Net Book Value
1	$25900 - 1,500 \div 5$ /	4,880 /	4,880 /	21,020 /
2		4,880 /	9,760 /	16,140 /
3		4,880 /	14,640 /	11,260 /
4		4,880 /	19,520 /	6,380 /
5		4,880 /	24,400 /	1,500 /

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**QUESTION FOUR:**

- On 1<sup>st</sup> May, 2014 the books of Amal Trading shows a balance of BD34,000 for Accounts Receivable.
- On 10<sup>th</sup> July, 2014 one of the accounts receivable Sana Company could not pay the balance of BD2,400 because of some financial problems.
- On 21<sup>st</sup> October, 2014 Sana Company made some profit and paid 40% of their balance.

**Required:**

Make the necessary journal entries.

(12 x 1/2)

## GENERAL JOURNAL

Date	Explanation	Debit (BD)	Credit (BD)
July 10	Bad debts expense /	2,400 /	
	Accounts receivable – Sana Company /		2,400 /
October 21	Accounts receivable – Sana Company /	960 /	
	Bad debts expense /		960 /
October 21	Cash /	960 /	
	Accounts receivable – Sana Company /		960 /

**QUESTION FIVE:**

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Fareed Cleaning Services Company accounting period ended 31<sup>st</sup> December 2014. The trial balance on 1<sup>st</sup> January 2014 shows the following balances for selected accounts:

Accounts	Amount (BD)
Supplies	8,700
Service Revenue	10,400
Accounts Receivable	27,900
Prepaid Rent	4,500

The following adjustments were appeared on 31<sup>st</sup> December, 2014:

- Supplies used amounted to BD1,300.
- Completed cleaning services for Hanan Company for BD350 and agreed to receive the amount later.
- The annual rent expense is BD1,500.

(12 x 1/2)

**GENERAL JOURNAL**

Date	Explanation	Debit (BD)	Credit (BD)
<b>Dec. 31</b>	<b>Supplies expense</b> /	<b>1,300</b> /	
	<b>Supplies</b> /		<b>1,300</b> /
<b>Dec. 31</b>	<b>Accounts Receivable – Hanan Co.</b> /	<b>350</b> /	
	<b>Service Revenue</b> /		<b>350</b> /
<b>Dec. 31</b>	<b>Rent Expense</b> /	<b>1,500</b> /	
	<b>Prepaid Rent</b> /		<b>1,500</b> /

**QUESTION SIX:**

Complete the work sheet of Aisha Company for the year ended 31<sup>st</sup> December, 2013, using the following adjusting entries:

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**GENERAL JOURNAL**

<b>Date</b>	<b>Explanation</b>	<b>Debit (BD)</b>	<b>Credit (BD)</b>
Dec. 31	Accrued Commission Revenue	750	
	Commission Revenue		750
Dec. 31	Accounts Receivable	900	
	Sales		900
Dec. 31	Advertising Expense	250	
	Advertising Payable		250



Aisha Company  
Work Sheet

For the period ended 31<sup>st</sup> December, 2013

Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	78,900				78,900				78,900	
Account Receivable	40,300		900		41,200				41,200	
Opening Inventory	27,100				27,100		27,100			
Furniture	5,300				5,300				5,300	
Equipment	12,800				12,800				12,800	
Vans	41,500				41,500				41,500	
Accounts Payable		9,200				9,200				9,200
Capital		120,000				120,000				120,000
Drawings	500				500				500	
Sales		90,300		900		91,200		91,200		
Sales Returns	900				900		900			
Purchases	10,950				10,950		10,950			
Purchases Returns		400				400		400		
Advertising Expense	450		250		700		700			
Salaries Expense	1,200				1,200		1,200			
<b>Total</b>	<b>219,900</b>	<b>219,900</b>								
Ending Inventory								30,600		30,600
Accrued Commission			750		750				750	
Commission Revenue				750		750		750		
Advertising Payable				250		250				250
Net Income										82,100
<b>Total</b>			<b>1,900</b>	<b>1,900</b>	<b>221,800</b>	<b>221,800</b>	<b>122,950</b>	<b>122,950</b>	<b>211,550</b>	<b>211,550</b>

END OF EXAM

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