

**MODEL ANSWERS**

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

**SECOND SEMESTER EXAM 2013/2014**

**COURSE NAME: ACCOUNTING (3)**

**TRACK: توحيد المسارات**

**COURSE CODE: 213 ما**

**TIME: 1½ Hours**

**QUESTION ONE:**

Noor posted the closing entries for her business (Noor Cleaning Company) to the ledger accounts, but she didn't complete it. You are required to:

12

12

- 1- Prepare the closing entries that she made.
- 2- Complete the posting of closing entries to Income Summary account and Capital Account.

**Service Revenue Account**

Date	Explanation	PR	Debit	Credit	Balance
August 01	Balance				40,000
August 31	Income Summary		40,000		0

**Advertising Expenses Account**

Date	Explanation	PR	Debit	Credit	Balance
August 01	Balance				3,100
August 30	Income Summary			3,100	0

**Salaries Expense Account**

Date	Explanation	PR	Debit	Credit	Balance
August 01	Balance				2,300
August 31	Income Summary			2,300	0

**Drawings Account**

Date	Explanation	PR	Debit	Credit	Balance
August 01	Balance				450
August 31	Capital Account			450	0

Closing Entries:

(18 x 1/2)

9

Date	Explanation	Debit (BD)	Credit (BD)
August 31	Service Revenue	40,000	
	Income Summary Account		40,000
August 31	Income Summary Account	5,400	
	Advertising Expense		3,100
	Salaries Expense		2,300
August 31	Income Summary Account	34,600	
	Capital Account		34,600
August 31	Capital Account	450	
	Drawings Account		450

(6 x 1/2)

3

Income Summary Account

Date	Explanation	PR	Debit	Credit	Balance
August 31	Total Revenue			40,000	40,000
August 31	Total Expenses		5,400		34,600
August 31	Capital Account		34,600		0

Capital Account

Date	Explanation	PR	Debit	Credit	Balance
August 01	Balance				95,000
August 31				34,600	129,600

**QUESTION TWO:**

(A) The recent Net Sales figures of Deena Company are as follows:

Year	2013	2012	2011	2010
Amount	BD75,000	BD56,000	BD73,000	BD56,000
Amount of increase or decrease	<u>25,000</u> /	<u>6,000</u> /	<u>23,000</u> /	---
% of increase or decrease	<u>50%</u> /	<u>12%</u> /	<u>46%</u> /	---

10

10

6

**Required:** Measure the percentage of increase or decrease using Horizontal analysis for the Net Sales. The base year is 2010.

(B) Given below is information about beginning inventory and purchases for Hassar Company for the year 2013:

Date	Explanation	Units	Unit cost (BD)
January 1	Inventory	700	30
March 20	Purchases	800	25
July 15	Purchases	500	20
December 10	Purchases	300	20

Sales during the year were 60% of total units.

Use the above information to choose the correct answer for the following questions:

1. The cost of goods sold using FIFO method is:

- BD3,800
- BD22,700
- BD38,000
- BD19,000

2. The cost of ending inventory using FIFO method is:

- BD19,000
- BD38,000
- BD1,900
- BD57,000

4

3. The cost of goods sold using LIFO method is:

- BD3,500
- BD26,500
- BD57,000
- BD30,500



**QUESTION FOUR:**

From the following information prepare the Bank Reconciliation Statement for Aisha Company for the month of January 31, 2014:

1. Balance per cash book, BD6,500.
2. Balance per bank statement, BD6,000.
3. Outstanding checks, BD1,100.
4. Deposit in transit, BD5,900.
5. Repayment of loan, BD350.
6. Dividends received by the bank not entered in business records, BD650.
7. Check issued for purchasing furniture, BD450 recorded by mistake as BD4,500.
8. Service charge BD50.

12
12

You are required prepare the Bank Reconciliation Statement, then make the necessary journal entries:

Aisha Company /  
Bank Reconciliation Statement  
For the month of January 31, 2014 /

(12 x 1/2)

Balance per bank statement		6,000 /
+ Deposit in transit		5,900 /
		11,900
- Outstanding checks		1,100 /
<b>Adjusted Bank Balance</b>		<b>10,800</b> /
Balance per cash book		6,500 /
+ Dividends	650 /	
+ Furniture (Error)	4,050 /	4,700 /
		11,200
- Repayment of loan	350 /	
- Service charge	50 /	400 /
<b>Adjusted Cash Balance</b>		<b>10,800</b> /

6

**GENERAL JOURNAL**

(12 x 1/2)

Date	Explanation	Debit	Credit
January 31	Cash /	4,700 /	
	Dividends /		650 /
	Furniture /		4,050 /
January 31	Loan /	350 /	
	Service charge /	50 /	
	Cash /		400 /

6

**QUESTION FIVE:**

You are required to record the following documents in the General Journal of Shams Cleaning Services.

8

8

**SHAMS CLEANING SERVICES**  
Tel.17341582-17341586 Fax 17341342 P.O.Box 6100  
Kingdom of Bahrain

Invoice SM.682-07-25  
No. 5471

Date: 12-03-2014

Name: Amina Ahmed  
P.O. Box 3508  
Kingdom of Bahrain

No.	Item description	Qty.	U. Price(BD)	Value(BD)
1	Dry clean – shirt	5	3 000	15 000
2	Dry clean – dress	8	6 000	48 000
<b>Sixty Three only</b>				<b>63 000</b>

**SHAMS CLEANING SERVICES**  
Tel.17341582-17341586 Fax 17341342 P.O.Box 6100  
Kingdom of Bahrain

**RECEIPT**

No.2140

BD 300/-

Received from: Nayla Ahmed  
Sum of BD : Three Hundred only  
For: Cleaning services  
Date: March 20, 2014

Eman  
Cashier Signature

**MEMORANDUM**

No. 38

From: Owner – Shams Haji

To: Accounting Clerk

Date: 23 March, 2014

I withdrew cash for BD600 for personal use from Account no.304021102 in Shami Bank.

Owner  
Shams Haji

<b>No. 304021102</b>	<b>SHAMIL BANK</b>	
Date: 29 March, 2014	No. 304021102	Date: 29 March, 2014
To: Mohamed Ali	Pay to the order of Al-Bader Company	
BD400/--	The sum of BD Four Hundred only.	
For: Salary for March	BD 400/--	
	Account No. 304021102	
		Shams Haji

## GENERAL JOURNAL

 $(16 \times \frac{1}{2})$ 

Date	Explanation	Debit (BD)	Credit (BD)
March 12	Accounts Receivable – Amina Ahmed ✓	63 ✓	
	Service Revenue ✓		63 ✓
20	Cash ✓	300 ✓	
	Service Revenue ✓		300 ✓
23	Drawings ✓	600 ✓	
	Cash ✓		600 ✓
29	Salaries Expense ✓	400 ✓	
	Cash ✓		400 ✓

END OF ANSWERS