

QUESTION TWO:

(10 Marks)

Manal Company Purchased a truck on January 1st 2014. Relevant information is given below:

Cost Price	BD 20000
Insurance Expense	BD 1000
Import tax	BD 500
Salvage value	BD 2000
Useful life	5 Years

Required:

A- By using the **Double Declining Method**, Calculate Depreciation Expense, Accumulated Depreciation, Net Book Value, for the **Five** years using following table:

Years	Calculation	Depreciation Expense	Accumulated Depreciation	Net Book Value
2014				
2015				
2016				
2017				
2018				

B- Prepare the necessary entries for the year 2016 and 2018.

General Journal

Date	Explanation	PR	Debit (BD)	Credit (BD)

QUESTION FIVE:

(6 Marks)

Sara Company bought a Machine on 1st May 2012. Relevant information is given below:

Cost price	26000	Installation	2000
Insurance	900	Salvage value	3000
Import tax	1100	Useful life	5 years

Required:

By using the **Straight Line Method**, compute the following:

A- The Acquisition Cost.

B- The Depreciation Expense for year 2012.

C- The Accumulated Depreciation for year 2013.

D- The Net Book Value for year 2012.

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QUESTION SIX:

(14 Marks)

Complete the work sheet of Layla Company for the year ended 31st December, 2014, using the following adjusting entries:

GENERAL JOURNAL

Date	Explanation	Debit (BD)	Credit (BD)
Dec.31	Unearned Rent	700	
	Rent Revenue		700
Dec.31	Accrued Commission Income	1000	
	Commission Income		1000
Dec.31	Insurance Expense	600	
	Prepaid Insurance		600

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Layla Company
Work Sheet

Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	90000									
Accounts Receivable	17000									
Opening Inventory	25000									
Machine	18000									
Buildings	80000									
Prepaid Insurance	2400									
Account payable		8000								
Unearned Rent		3000								
Capital		138400								
Sales		100000								
Sales discount	3500									
Commission Income		7000								
Drawings	1500									
Purchases	13000									
Salaries Expense	6000									
Total	256400	256400								
Ending Inventory								9000		
Total										

End of Exam