

111

KINGDOM OF BAHRAIN  
MINISTRY OF EDUCATION

MODEL ANSWERS

DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

الطلاب

STUDENTS-BH

SECOND SEMESTER EXAM 2014/2015

COURSE NAME: PRINCIPLES OF ACCOUNTING

TRACK: توحيد المسارات

COURSE CODE: 111

TIME: 2 Hours

QUESTION ONE:

14

(A) Complete the following table, use (+) for increase, (-) for decrease and (NE) for no effect: (16 × 0.5)

14

No	Transactions	Assets	Liabilities	Owner's Equity
1	Investment of furniture in the business.	+ /	NE /	+ /
2	Paid cash for truck.	+ , - //	NE /	
3	Provided services on account.	+ /	NE /	+ /
4	Received cash from accounts receivable.	+ , - //	NE /	
5	Took money for personal use.	- /	NE /	- /

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تضاف شرطة رقم 8 او ع ايها اجمع

(B) Write the Normal Balance for the following Accounts, is it DEBIT or CREDIT. (6 × 1)

No.	Items	Normal Balance
1	Insurance	DEBIT
2	Fees Income	CREDIT
3	Notes Payable	CREDIT
4	Buildings	DEBIT
5	Commission Income	CREDIT
6	Advertising	DEBIT

6

**QUESTION TWO:**

21

Show the effect of the following transactions on the Basic Accounting Equation for Sana Clinic for the month of May 2015, using the table below:

21

- May 03 Sana invested BD93000 cash in her business.  
 08 Purchased supplies on credit BD700.  
 13 Paid BD500 for Advertising expense.  
 19 Bought medical equipment BD10500 from Yousef Company and paid BD5000 only.  
 21 Provided service on account for Mariam BD2000.  
 25 Withdrew cash BD850 for private needs.  
 30 Received cash 50% of the amount due from Mariam.

Date	Assets				=	Liabilities	+	Owner's Equity	Remarks
	Cash	Accounts Receivable	Supplies	Medical Equipment		Accounts Payable		Capital	
May 3	+93000 /				=		+	+93000 /	Investment /
8			+700 /		=	+700 /	+		
13	-500 /				=		+	-500 /	Advertising expense /
19	-5000 /			+10500 /	=	+5500 /	+		
21		+2000 /			=		+	+2000 /	Service revenue /
25	-850 /				=		+	-850 /	Drawings /
30	+1000 /	-1000 /			=		+		
Bal.	87650	1000	700	10500	=	6200	+	93650	
		99850 /			=	99850 /			

21  
21

**QUESTION THREE:**

Adnan Company for selling and delivering goods, completed the following transactions during the month of April 2015:

- April 1 Invested cash BD80000 as capital.
- 6 Bought goods on credit from Hassan Company BD1800.
- 12 Paid BD350 for insurance expense.
- 22 Accepted new contract for delivering goods for Mansoor, BD750.
- 24 Returned damage goods to Hassan Company, BD600.
- 27 Sent bill to Nabeel for goods sold to him, BD750.
- 30 Received the monthly building rent from Jamal, BD1200.

**Required:**

1. Record the above transactions on page (10) of the General Journal.

(28 × 0.5)

General Journal

Page No. (10)

Date	Explanation	Debit (BD)	Credit (BD)
April 1	Cash /	80000 /	
	Capital /		80000 /
6	Purchases /	1800 /	
	Accounts payable – Hassan Company /		1800 /
12	Insurance expense /	350 /	
	Cash /		350 /
22	No entry ////		
24	Accounts payable-Hassan Company /	600 /	
	Purchases returns /		600 /
27	Accounts receivable – Nabeel /	750 /	
	Sales /		750 /
30	Cash /	1200 /	
	Rent revenue /		1200 /

2. Post these transactions to the T-Account of Cash and Accounts Payable-Hassan Co. (14 × 0.5)

**Cash Account**

April 1 / 80000 30 / 1200 <hr style="border: 0.5px solid black;"/> Balance / 80850	April 12 / 350 <hr style="border: 0.5px solid black;"/> 350
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**Accounts payable-Hassan Co.**

April 24 / 600 <hr style="border: 0.5px solid black;"/> Balance / 1200	April 6 / 1800 <hr style="border: 0.5px solid black;"/> 1800
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**QUESTION FOUR:**

The following balances were extracted from Noora Est.'s books:

16

16

Account	BD
Cash	2500
Accounts receivable	950
Supplies	1800
Motor van	6500
Buildings	230000
Land	95000
Accounts payable	3800

Account	BD
Notes payable	10700
Loan	65000
Capital	258200
Drawings	450
Rent revenue	4800
Insurance expense	800
Wages expense	4500

**Required:**Prepare the **Trial Balance** for the period ended 31<sup>st</sup> December 2014.

**Noora Est. /**  
**Trial Balance**  
**As at 31<sup>st</sup> December 2014 /**  
**(16 × 1)**

Account	Debit (BD)	Credit (BD)
Cash	2500 /	
Accounts receivable	950 /	
Supplies	1800 /	
Motor van	6500 /	
Buildings	230000 /	
Land	95000 /	
Accounts payable		3800 /
Notes payable		10700 /
Loan		65000 /
Capital		258200 /
Drawings	450 /	
Rent revenue		4800 /
Insurance expense	800 /	
Wages expense	4500 /	
Total	342500	342500

\* كتبه في دفتر الحسابات في 31 ديسمبر 2014 ووضع  
المبلغ في الخانة المطلوبة.

**QUESTION FIVE:**

The following is the Income statement of Salah Est. and it contains some mistakes:

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For the year ended 31<sup>st</sup> December 2014

Income Statement

Tahani Est

<b>Revenues:</b>		
Service revenues	86000	
Accounts receivable	2400	
Salaries	2600	
Rent expense	950	
Insurance	350	
<b>Total revenues</b>		92300
<b>Expenses:</b>		
Supplies used	700	
Interest income	5500	
Advertising expense	2700	
Utilities expense	350	
<b>Total expenses</b>		9250
<b>Net Loss</b>		83050

**Required:**

Prepare the correct Income Statement.

(14 × 1)

Tahani Est

Income Statement

For the year ended 31<sup>st</sup> December 2014

<b>Revenues:</b>		
Service revenues	86000	
Interest income	5500	
<b>Total revenues</b>		91500
<b>Expenses:</b>		
Salaries	2600	
Rent expense	950	
Insurance	350	
Supplies used	700	
Advertising expense	2700	
Utilities expense	350	
<b>Total expenses</b>		7650
<b>Net Income</b>		<b>83850</b>

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**QUESTION SIX:**

The following balances were extracted from the books of Khalid Cleaning Services on 31<sup>st</sup> December, 2014:

	BD		BD
Cash	58500	Accounts payable	12100
Accounts receivable	11300	Loan (5 years)	70000
Cleaning supplies	2800	Capital at start	112400
Truck	60700	Drawings	700
Furniture	15600	Net income for the year	14900
Cleaning equipment	59800		

**Required:**

For the period ended 31<sup>st</sup> December, 2014, you are required to prepare the **Classified Balance Sheet**.

**Khawla Cleaning Services****Balance Sheet****As at 31<sup>st</sup> December, 2014**

<b>Assets:</b>		
<b>Current Assets:</b>		
Cash	58500	
Accounts receivable	11300	
Cleaning supplies	2800	
Total current assets		72600
<b>Fixed Assets:</b>		
Truck	60700	
Furniture	15600	
Cleaning equipment	59800	
Total fixed assets		136100
<b>Total Assets</b>		<b>208700</b>
<b>Current Liabilities:</b>		
Accounts payable		12100
<b>Long-Term Liabilities:</b>		
Loan (5 years)		70000
Total Liabilities		82100
<b>Owner's Equity:</b>		
Ending Capital		126600
<b>Total Liabilities &amp; Owner's Equity</b>		<b>208700</b>

**END OF ANSWERS**

\* تكتب الدرحة في حالة عدم تصحيح الاجوب  
\* تكتب الدرحة كاملة في حالة عدم تصحيح الاجوب