

## حلول الكراسة المدرسية

### محا ٢١٢ – Accounting 2

قد توجد بعض الأخطاء الحسابية أو المطبعية

لا يجوز شرعاً استخدامها للأغراض التجارية والربحية

إعداد واجتهاد:

Sayed Mosawi

WhatsApp: +973 3200 3077

Accounting  
Community

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# Chapter 1 - Textbook Exercises

## Exercise (1-1) Page (7):

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
25	Merchandise Inventory		8,500	
	Cash			8,500
04	Account Payable		8,500	
	Merchandise Inventory (8,500 × 2%)			170
	Cash (8,500-170)			8,330

## Exercise (1-2) Page (7):

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
02	Merchandise Inventory		5,000	
	Account Payable			5,000
06	Account Payable		300	
	Merchandise Inventory			300
08	Account Payable (5,000-300)		4,700	
	Merchandise Inventory (4,700 × 4%)			188
	Cash (4,700-188)			4,512

## Exercise (1-3) Page (8):

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
01	Account Receivable - Assma		6,000	
	Sales			6,000
	Cost of Goods Sold		5,400	
	Merchandise Inventory			5,400
02	Merchandise Inventory		2,100	
	Cash			2,100
05	Sales Return		300	
	Account Receivable - Assma			300
	Merchandise Inventory		270	
	Cost of Goods Sold			270
08	Cash (5,700-114)		5,586	
	Sales Discount (5,700 × 2%)		114	
	Account Receivable - Assma (6,000-300)			5,700

**Exercise (1-4) Page (9):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
02	Account Receivable - Hassan Est.		2,800	
	Sales			2,800
	Cost of goods sold		2,300	
	Merchandise Inventory			2,300
05	Sales Return		400	
	Account Receivable - Hassan Est.			400
	Merchandise Inventory		370	
	Cost of goods sold			370
12	Cash (2,400-24)		2,376	
	Sales Discount (2,400 × 1%)		24	
	Account Receivable - Hassan Est. (2800-400)			2,400

**Exercise (1-5) Page (10):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
03	Account Receivable - Fatmah		600	
	Sales			600
	Cost of goods sold		450	
	Merchandise Inventory			450
05	Cash		425	
	Sales			425
	Cost of goods sold		275	
	Merchandise Inventory			275
07	Account Receivable - Salah		1,300	
	Sales			1,300
	Cost of goods sold		980	
	Merchandise Inventory			980
11	Cash (600-12)		588	
	Sales Discount (600 × 2%)		12	
	Account Receivable - Fatmah			600
	Cash (1,300-26)		1,274	
	Sales Discount (1,300 × 2%)		26	
	Account Receivable - Salah			1,300



**Exercise (1-6) Page (11):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
01	Merchandise Inventory		13,500	
	Account Payable - Awal Company			13,500
02	Account Receivable - Ebrahim		26,000	
	Sales			26,000
	Cost of goods sold		22,000	
	Merchandise Inventory			22,000
05	Account Payable - Awal Company		1,500	
	Merchandise Inventory			1,500
06	Account Payable - Awal Company (13500-1500)		12,000	
	Cash			12,000
13	Cash (26000-520)		25,480	
	Discount Sales (26000×2%)		520	
	Account Receivable - Ebrahim			26,000
15	Account Receivable - Alaa		37,400	
	Sales			37,400
	Cost of goods sold		33,400	
	Merchandise Inventory			33,400
16	Sales Return		1,400	
	Account Receivable - Alaa			1,400
	Merchandise Inventory		950	
	Cost of goods sold			950
23	Cash (36,000-720)		35,280	
	Sales Discount (36,000×2%)		720	
	Account Receivable - Alaa (37,400-1,400)			36,000

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**Exercise (1-7) Page (13):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
01	Merchandise Inventory		6,000	
	Account Payable - Galaxy			6,000
02	Account Payable - Galaxy		200	
	Merchandise Inventory			200
05	Account Receivable - Essa		14,000	
	Sales			14,000
	Cost of goods sold		12,500	
	Merchandise Inventory			12,500
07	Sales Return		800	
	Account Receivable - Essa			800
	Merchandise Inventory		600	
	Cost of goods sold			600
10	Cash (14000-800)		13,200	
	Account Receivable - Essa			13,200
12	Cash		15,000	
	Account Receivable			15,000
	Cost of goods sold		13,100	
	Merchandise Inventory			13,100

**Chapter 1 - EXTRA Exercises****Exercise (1) Page (17):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
01	Merchandise Inventory		40,000	
	Account Payable			40,000
03	Account Payable		2,000	
	Merchandise Inventory			2,000
05	Account Payable (40000-2000)		38,000	
	Merchandise Inventory (38000×5%)			1,900
	Cash (38000-1900)			36,100
08	Merchandise Inventory		12,500	
	Cash			12,500
10	Cash		300	
	Merchandise inventory			300
17	Account Payable (40000-2000)		38,000	
	Cash			38,000

**Exercise (2) Page (18):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
04	Merchandise Inventory (50×20)		1,000	
	Cash			1,000
07	Cash (6×20)		120	
	Merchandise Inventory			120
10	Account Receivable - Talal Book Store (40×28)		1,120	
	Sales			1,120
	Cost of goods sold (20×40)		800	
	Merchandise Inventory			800
12	Sales Return		224	
	Account Receivable - Tala Book Store (8×28)			224
	Merchandise Inventory		160	
	Cost of goods sold (8×20)			160
18	Cash		887.04	
	Sales Discount (896×1%)		8.96	
	Account Receivable (1120-224)			896

**Exercise (3) Page (19):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
02	Merchandise Inventory		180,000	
	Account Payable - Sarah Est.			180,000
05	Account Receivable - Essa (200×85)		170,000	
	Sales			170,000
	Cost of Goods sold (200×60)		120,000	
	Merchandise Inventory			120,000
7	Account Payable - Sarah Est. (8×60)		480	
	Merchandise Inventory			480
9	Sales Return (9×85)		765	
	Account Receivable - Essa			765
	Merchandise Inventory		540	
	Cost of goods sold (9×60)			540
10	Account Payable - Sarah Est. (180000-480)		179,520	
	Merchandise Inventory (179520×1%)			1795.2
	Cash (179520-1795.2)			177,724.8
12	Cash (169235-3384)		165,851	
	Sales Discount (169235×2%)		3,384	
	Account Receivable - Essa (170000-765)			169,235
15	Merchandise Inventory (100×60)		6,000	
	Cash			6,000
18	Cash (150×85)		12,750	
	Merchandise Inventory			12,750

**Exercise (4) Page (21):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
02	Merchandise inventory		7,000	
	Account Payable - Ahmed supply company			7,000
05	Account Receivable - Radwah		15,000	
	Sales			15,000
	Cost of Goods sold		12,000	
	Merchandise Inventory			12,000
07	Account Payable - Ahmed		500	
	Merchandise Inventory			500
11	Cash (15000-450)		14,550	
	Sales Discount (15000×3%)		450	
	Account Receivable - Radwah			15,000
16	Merchandise Inventory		8,200	
	Cash			8,200
20	Cash		19,400	
	Sales			19,400
	Cost of goods sold		21,000	
	Merchandise Inventory			21,000
21	Account Receivable		16,000	
	Sales			16,000
	Cost of Goods sold		12,600	
	Merchandise Inventory			12,600

**Exercise (5) Page (23):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
01	Merchandise Inventory		4,100	
	Account Payable - Nasser			4,100
05	Account Receivable - Asmaa		9,500	
	Sales			9,500
	Cost of goods sold		7,000	
	Merchandise Inventory			7,000
08	Account Payable - Nasser		600	
	Merchandise Inventory			600
15	Account Payable - Nasser (4100-600)		3,500	
	Cash			3,500
20	Cash (9500-95)		9,405	
	Sales Discount (95000×1%)		95	
	Account Receivable - Asmaa			9,500
22	Cash		16,000	
	Sales			16,000
	Cost of goods sold		14,000	
	Merchandise Inventory			14,000

## Chapter 2 - Textbook Exercises

### Exercise (2-1) Page (28):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
05	Account Receivable - Ayman		22,000	
	Sales			22,000
07	Sales returns and allowance		2,000	
	Account Receivable - Ayman			2,000
09	Cash (20,000-200)		19,800	
	Sales Discount (20,000×1%)		200	
	Account Receivable-Ayman (22,000-2,000)			20,000

### Exercise (2-2) Page (28):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
3	Purchases		9,800	
	Account Payable			9,800
7	Account payable		800	
	Purchases returns			800
9	Account Payable (9,800 - 800)		9,000	
	Purchases Discount (9,000×1%)			90
	Cash (9,000-90)			8,910
10	Purchases		3,200	
	Cash			3,200

### Exercise (2-3) Page (29):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
1	Account Receivable - Jassim		7,400	
	Sales			7,400
2	Purchases		3,300	
	Cash			3,300
5	Sales Returns		400	
	Account Receivable - Jassim			400
8	Cash(7,000-280)		6,720	
	Sales Discount (7,000×4%)		280	
	Account Receivable (7,400-400)			7,000

**Exercise (2-4) Page (30):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
01	Account Receivable - Dana		8,000	
	Sales			8,000
04	Sales Return		400	
	Account Receivable - Dana			400
07	Cash (7,600-152)		7,448	
	Sales Discount (7,600 × 2%)		152	
	Account Receivable (8,000-400)			7,600

**Exercise (2-5) Page (31):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Aug 1	Account Receivable - Hala		3,600	
	Sales			3,600
Aug 4	Cash		5,100	
	Sales			5,100
Aug 8	Account Receivable - Zainab		9,200	
	Sales			9,200
Aug 9	Cash (3,600-36)		3,564	
	Sales Discount (3,600 × 1%)		36	
	Account Receivable - Haala			3,600
Aug 12	Cash (5,100-102)		4,998	
	Sales Discount (5,100 × 2%)		102	
	Account Receivable - Zainab			5,100

**Exercise (2-6) Page (32):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Sep 1	Purchases		39,000	
	Account Payable - Ranah			39,000
Sep 2	Account Receivable - Wafa		21,000	
	Sales			21,000
Sep 5	Account Payable - Ranah		2,000	
	Purchases Returns			2,000
Sep 6	Account Payable - Ranah (39,000-2,000)		37,000	
	Purchases Discount (37,000×2%)			740
	Cash (37,000-740)			36,260
Sep 13	Cash (21,000-210)		20,790	
	Sales Discount (21,000 × 2%)		210	
	Account Receivable - Wafa			21,000
Sep 15	Account Receivable - Sakina		12,600	
	Sales			12,800
Sep 16	Sales Returns		1,600	
	Account Receivable - Sakina			1,600
Sep 23	Cash (11,000-110)		10,890	
	Sales Discount (11,000 × 1%)		110	
	Account Receivable - Sakina (12,600-1,600)			11,000

**Exercise (2-7) Page (34):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
1	Purchases		9,700	
	Account Payable - Hana			9,700
2	Account Payable - Hana		700	
	Purchases Returns			700
5	Account Receivable - Sultan		18,900	
	Sales			18,900
7	Sales Returns		900	
	Account Receivable - Sultan			900
10	Cash (18,900-900)		18,000	
	Account Receivable - Sultan			18,000
12	Cash		27,000	
	Sales			27,000

## Chapter 2 - Extra Exercises

### Exercise (1) Page (37):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
1	Purchases		35,000	
	Account Payable - Ahmed Est			35,000
3	Account Payable - Ahmed Est		5,000	
	Purchases Returns			5,000
5	Account Payable - Ahmed Est (35,000-5,000)		30,000	
	Purchases Discount (30,000×2%)			600
	Cash (30,000-600)			29,400
8	Purchases		10,000	
	Cash			10,000
10	Cash		400	
	Purchases Returns			400

### Exercise (2) Page (38):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
4	Purchases (50×20)		1,000	
	Cash			1,000
7	Cash (6×20)		120	
	Purchases			120
10	Account Receivable - Talal Book Store (40×28)		1,120	
	Sales			1,120
12	Sales Returns (8×28)		224	
	Account Receivable - Talal Book Store			224
18	Cash (896-8.96)		887.04	
	Sales Discount (896×1%)		8.96	
	Account Receivable - Talal Book Store (1,120-224)			896

### Exercise (3) Page (39):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
2	Purchases (300×60)		18,000	
	Account Payable - Sarah			18,000
5	Account Receivable - Essa (200×85)		17,000	
	Sales			17,000
7	Account Payable - Sarah (9×60)		540	
	Purchases Returns			540
9	Sales Returns (9×85)		765	
	Account Receivable - Essa			765



10	Account Payable - Sarah (18,000-540)		7,460	
	Purchases returns ((17,460×1%)			174.6
	Cash (17,460-174.6)			17,285.4
12	Cash (17,000-765)		16,235	
	Account Receivable - Essa			16,235
15	Purchases (600×60)		6,000	
	Cash			6,000
18	Cash (150×85)		12,750	
	Sales			12,750

**Exercise (4) Page (41):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
2	Purchases		7,000	
	Account Payable - Ahmed Supply Company			7,000
5	Account Receivable - Radwa		15,000	
	Sales			15,000
7	Account Payable - Ahmed Supply Company		500	
	Purchases returns			500
11	Cash (15,000-450)		14,550	
	Sales Discount (15,000×3%)		450	
	Account Receivable - Radwa			15,000
16	Purchases		8,200	
	Cash			8,200
20	Cash		21,000	
	Sales			21,000
21	Account Receivable		16,000	
	sales			16,000

**Exercise (5) Page (43):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
1	Purchases		4,100	
	Account Payable - Naser Company			4,100
5	Account Receivable-Asma		9,500	
	Sales			9,500
8	Account Payable - Naser Company		600	
	Purchases Returns			600
15	Account Payable - Naser Company (4,100-600)		3,500	
	Purchases Discount (3,500×4%)			140
	Cash (3,500-140)			3,360
20	Cash		9,500	
	Account Receivable - Asma			9,500
22	Cash		16,000	
	Sales			16,000

## Chapter 3 - Textbook Exercises

### Exercise (3-1) Page (47):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Jan 31	Bad Debt Expense		4,500	
	Account Receivable			4,500

### Exercise (3-2) Page (47):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Apr 16	Bad Debt Expense		1,600	
	Account Receivable - Noor Co.			1,600
Jul 21	Account Receivable - Noor Co.		1,600	
	Bad Debt Expense			1,600
	Cash		1,600	
	Account Receivable - Noor Co.			1,600

### Exercise (3-3) Page (48):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Oct 15	Bad Debt Expense		1,100	
	Account Receivable - Bader Trading			1,100
Nov 23	Account Receivable - Bader Trading		350	
	Bad Debt Expense			350
	Cash		350	
	Account Receivable - Bader Trading			350

### Exercise (3-4) Page (48):

#### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
April 1	Bad Debt Expense		2,500	
	Account Receivable			2,500

### Exercise (3-5) Page (49):

Period	Accounts Receivable (BD)	Provision%	Provision for doubtful debts (BD)
Not yet due	40,000	1%	400
1 - 30 days past due	20,000	4%	800
31 - 60 days past due	13,000	10%	1,300
61 - 90 days past due	7,000	30%	2,100
Over 90 days past due	3,000	50%	1,500
Total	(a) 83,000		6,100

## GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Dec 31	Bad Debt Expense (6,100-1,200)		4,900	
	Allowance for Doubtful Account			4,900
Dec 31	Allowance for Doubtful Account		400	
	Account Receivable - Kholood Est.			400

## Exercise (3-6) Page (50):

Period	Accounts Receivable (BD)	Provision%	Provision for doubtful debts (BD)
Net yet due	50,000	2%	1,000
1-30 days past due	30,000	5%	1,500
31-60 days past due	18,000	15%	2,700
61-90 days past due	12,000	20%	2,400
Over 90 days past due	10,000	40%	40,000
Total	(1) 120,000		11,600

## GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Dec 31	Bad Debt Expense (11,600 + 2,500)		14,100	
	Allowance for Doubtful Account			14,100
2	Allowance for Doubtful Account		800	
	Account Receivable			800
3	Account Receivable		600	
	Allowance for Doubtful Account			600
4	Cash		600	
	Account Receivable			600

## Exercise (3-7) Page (51):

## GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Dec 31	Bad debts Expense		8,500	
	Allowance for Doubtful Account			8,500
May 5	Allowance for Doubtful Account		2,350	
	Account Receivable - Basam			2,350
Sep 2	Account Receivable - Basam		2,350	
	Allowance for Doubtful Account			2,350
	Cash		2,350	
	Account Receivable - Basam			2,350



## Chapter 3 - Extra Exercises

### Exercise (1) Page (59):

Period	Accounts Receivable (BD)	Estimated % Uncollectible	Amount of Provision (BD)
Prior to January	70,000	2%	1400
January	50,000	10%	5000
February	40,000	30%	120000
March	20,000	50%	100000
Total	180,000	(a)	<b>136400</b>

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Mar 31	Bad Debt Expense (136,400 - 2,500)		133,900	
	Allowance for Doubtful Account			133,900
	Allowance for Doubtful Account		800	
	Account Receivable - Mona			800

### Exercise (2) Page (60):

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Jan 1	Bad Debt Expense (200,000 × 5%)		10,000	
	Allowance for Doubtful Account			10,000
May 12	Allowance for Doubtful Account		1,700	
	Account Receivable - Areej			1,700
May 31	Account Receivable - Areej		1,700	
	Allowance for Doubtful Account			1,700
	Cash		1,700	
	Account Receivable - Areej			1,700

### Exercise (3) Page (60):

### GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
June 1	Bad Debt Expense (90,000 × 2%) - 600		1,200	
	Allowance for Doubtful Account			1,200
Aug 12	Allowance for Doubtful Account		250	
	Account Receivable - Osama			250
Aug 31	Account Receivable - Osama		250	
	Allowance for Doubtful Account			250
	Cash		250	
	Account Receivable			250

**Exercise (4) Page (61):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
May 1	Bad Debt Expense (75,000 × 3%) + 450		2,700	
	Allowance for Doubtful Account			2,700
July 5	Allowance for Doubtful Account		120	
	Account Receivable - Fawaz			120
July 31	Account Receivable - Fawaz		120	
	Allowance for Doubtful Account			120
	Cash		120	
	Account Receivable - Fawaz			120

**Exercise (5) Page (62):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Jan 1	Bad Debt Expense (250,000-10,000)×10%		24,000	
	Allowance for Doubtful Account			24,000
Feb 5	Allowance for Doubtful Account		640	
	Account Receivable - Hassan			640
Mar 1	Account Receivable - Hassan		640	
	Allowance for Doubtful Account			640
	Cash		640	
	Account Receivable - Hassan			640

**Exercise (6) Page (63):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Jan 6	Bad Debt Expense (20,500 × 5%)		1,025	
	Allowance for Doubtful Account			1,025
June 15	Allowance for Doubtful Account		800	
	Account Receivable - Jamal			800
Nov 20	Account Receivable - Jamal		400	
	Allowance for Doubtful Account			400
	Cash		400	
	Account Receivable			400

**Exercise (7) Page (64):****GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Jan 5	Bad Debt Expense (270,000 × 5%)		13,500	
	Allowance for Doubtful Account			13,500
Jan 15	Allowance for Doubtful Account		3,500	
	Account Receivable - Sameh			3,500
Feb 10	Account Receivable - Sameh		1,500	
	Allowance for Doubtful Account			1,500
	Cash		1,500	
	Account Receivable - Sameh			1,500

## Chapter 4 - Textbook Exercises

### Exercise (4-1) Page (68):

(a) acquisition cost = 54,000 + 5,400 + 6,600 = BD66,000

Rate =  $100 / 4 \times 2 = 50\%$

(b)

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2018	-	-	-	-	66,000
2018	66,000	× 50%	= 33,000	33,000	33,000
2019	33,000	× 50%	= 16,500	49,500	16,500
2020	16,500	× 50%	= 8,250	57,750	8,250
2021	8,250	- 6,000	= 2,250	60,000	6,000

### (c) GENERAL JOURNAL

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		16,500	
	Accumulated Depreciation			16,500

### Exercise (4-2) Page (69):

(a)

Depreciable Cost = 24,000 - 2,000 = BD22,000

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2017	-	-	-	-	24,000
2017	22,000	÷ 4	= 5,500	5,500	18,500
2018	22,000	÷ 4	= 5,500	11,000	13,000
2019	22,000	÷ 4	= 5,500	16,500	7,500
2020	22,000	÷ 4	= 5,500	22,000	2,000

(b)

Rate =  $100 / 4 \times 2 = 50\%$

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2017	-	-	-	-	24,000
2017	24,000	× 50%	12,000	12,000	12,000
2018	12,000	× 50%	6,000	18,000	6,000

**Exercise (4-3) Page (70):**

(A)  $Rate = \frac{34,000 - 2,000}{100,000} = 0.32$

Annual Period	Depreciation for the Period			End of Period	
	Number of Units	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2017	-	-	-	-	34,000
2017	30,000	$\times 0.32$	= 9,600	9,600	24,400
2018	25,000	$\times 0.32$	= 8,000	17,600	16,400
2019	20,000	$\times 0.32$	= 6,400	24,000	10,000
2020	15,000	$\times 0.32$	= 4,800	28,800	5,200
2021	10,000	$\times 0.32$	= 3,200	32,000	2,000

**(B) GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		9,600	
	Accumulated Depreciation			9,600

(C)

Annual Period	Depreciation for the Period			End of Period	
	Number of Units	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
31/5/2017	-	-	-	-	34,000
2017	30,000	$\times 0.32$	= 9,600	9,600	24,400
2018	25,000	$\times 0.32$	= 8,000	17,600	16,400

**Exercise (4-4) Page (71):**

(a)  $Rate = \frac{100}{5} \times 2 = 40\%$

(b)  $Acquisition\ cost = 64,000 + 2,500 = BD66,500$

(c)

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2018	-	-	-	-	66,500
2018	66,500	$\times 40\% \times \frac{7}{12}$	=15,517	15,517	50,983
2019	50,983	$\times 40\%$	=20,393	35,910	30,590
2020	30,590	$\times 40\%$	=12,236	48,146	18,354
2021	18,354	$\times 40\%$	=7,342	55,488	11,012
2022	11,012	$\times 40\%$	=4,405	59,893	6,607
2023	6,607	- 2,000	=4,607	64,500	2,000



**Exercise (4-5) Page (72):**

(a)

$$\text{Acquisition Cost} = 35,000 + 2,500 + 500 = 38,000$$

$$\text{Depreciable Cost} = 38,000 - 2,000 = 36,000$$

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/6/2018	-	-	-	-	38,000
2018	36,000	$\div 4 \times 7/12$	=5,250	5,250	32,750
2019	36,000	$\div 4$	=9,000	14,250	23,750
2020	36,000	$\div 4$	=9,000	23,250	14,750
2021	36,000	$\div 4$	=9,000	32,250	5,750
2022	36,000	$\div 4 \times 5/12$	=3,750	36,000	2,000

**(B) GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		5,250	
	Accumulated Depreciation			5,250

**Exercise (4-6) Page (73):**

(a)

$$\text{Acquisition Cost} = 39,000 + 500 + 1500 = 41,000$$

$$\text{Depreciable Cost} = 41,000 - 1,000 = 40,000$$

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/4/2019	-	-	-	-	41,000
2019	40,000	$\div 4 \times 9/12$	7,500	7,500	33,500
2020	40,000	$\div 4$	10,000	17,500	23,500
2021	40,000	$\div 4$	10,000	27,500	13,500
2022	40,000	$\div 4$	10,000	37,500	3,500
2023	40,000	$\div 4 \times 3/12$	2,500	40,000	1,000

**(B) GENERAL JOURNAL**

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		7,500	
	Accumulated Depreciation			7,500
Dec 31	Depreciation Expense		10,000	
	Accumulated Depreciation			10,000

**Exercise (4-7) Page (74):**(a)  $Depreciable\ Cost = 120,000 - 8,000 = 112,000$ 

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/10/2018	-	-	-	-	120,000
2018	112,000	$\div 5 \times 3/12$	= 5,600	5,600	114,400
2019	112,000	$\div 5$	= 22,400	28,000	92,000
2020	112,000	$\div 5$	=22,400	50,400	69,600
2021	112,000	$\div 5$	=22,400	72,800	47,200
2022	112,000	$\div 5$	=22,400	95,200	24,800
2023	112,000	$\div 5 \times 9/12$	=16,800	112,000	8,000

(b)  $Rate = 100 / 5 \times 2 = 40\%$ 

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/10/2018	-	-	-	-	120,000
2018	120,000	$\times 40\% \times 3/12$	=12,000	12,000	108,000
2019	108,000	$\times 40\%$	=43,200	55,200	64,800
2020	64,800	$\times 40\%$	=25,920	81,120	38,880
2021	38,880	$\times 40\%$	=15,552	96,672	23,328
2022	23,328	$\times 40\%$	=9,331	106,003	13,997
2023	13,997	- 8,000 BHD	=5,997	112,000	8,000

(c)  $Rate = 120,000 - 8,000 / 10,000 = 11.20$ 

Annual Period	Depreciation for the Period			End of Period	
	Number of Units	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/10/2018	-	-	-	-	120,000
2018	3,500	$\times 11.20$	= 39,200	39,200	80,800
2019	2,500	$\times 11.20$	=28,000	67,200	52,800
2020	2,000	$\times 11.20$	=22,400	89,600	30,400
2021	1,000	$\times 11.20$	=11,200	100,800	19,200
2022	1,000	$\times 11.20$	=11,200	112,000	8,000

## Chapter 4 - Extra Exercises

### Exercise (1) Page (78):

1- By using the **Straight Line Method**, calculate the Depreciation Expense, Accumulated Depreciation & Net Book value using the following table:

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2016	-	-	-	-	25,000
2016	20,000	÷ 4	= 5,000	5,000	20,000
2017	20,000	÷ 4	= 5,000	10,000	15,000
2018	20,000	÷ 4	= 5,000	15,000	10,000
2019	20,000	÷ 4	= 5,000	20,000	5,000

2- Prepare the journal entry for the second year.

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		5,000	
	Accumulated Depreciation			5,000

### Exercise (2) Page (79):

1- Calculate the Depreciation Expense, Accumulated Depreciation and Net Book Value in case of using the **Declining Balance Method** at a **Rate of 20%**. (write your answer in the following table).

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/01/2015	-	-	-	-	200,000
2015	200,000	× 20%	= 40,000	40,000	160,000
2016	160,000	× 20%	= 32,000	72,000	128,000
2017	128,000	× 20%	= 25,600	97,600	102,400
2018	102,400	× 20%	= 20,480	118,080	81,920
2019	81,920	- 20,000	= 61,920	180,000	20,000

2- Prepare the journal entry for year 2015.

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		40,000	
	Accumulated Depreciation			40,000

**Exercise (3) Page (80):**

1- Calculate the **Depreciation Expense, Accumulated Depreciation** and **Net Book Value** by using the **Straight Line Method** in the following table:

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/10/2017	-	-	-	-	63,000
2017	60,000	$\div 5 \times 3/12$	= 3,000	3,000	60,000
2018	60,000	$\div 5$	= 12,000	15,000	48,000
2019	60,000	$\div 5$	= 12,000	27,000	36,000
2020	60,000	$\div 5$	= 12,000	39,000	24,000
2021	60,000	$\div 5$	= 12,000	51,000	12,000
2022	60,000	$\div 5 \times 9/12$	= 9,000	60,000	3,000

2- Prepare the journal entry for year 2017.

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		3,000	
	Accumulated Depreciation			3,000

**Exercise (5) Page (82):**

a) Compute Depreciation Rate Double Declining Balance Method:

$$\text{Rate} = 100 / 5 \times 2 = 40\%$$

b) Complete the following table to find **Depreciation expense, Accumulated depreciation** and **Net book value**.

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/01/2015	-	-	-	-	120,000
2015	120,000	$\times 40\%$	= 48,000	48,000	72,000
2016	72,000	$\times 40\%$	= 28,800	76,800	43,200
2017	43,200	$\times 40\%$	= 17,280	94,080	25,920
2018	25,920	$\times 40\%$	= 10,368	104,448	15,552
2019	15,552	- 9,000	= 6,552	111,000	9,000

c) If, Tareq Company purchased equipment on **June 30 2015** and uses **Straight Line Method**.

Compute annual **depreciation expense for the first year 2015**.

$$120,000 - 9,000 = 111,000$$

$$111,000 \div 5 \times 6/12 = \text{BD}11,100$$

$$\text{Depreciation Expense for 2015} = \text{BD}11,100$$

**Exercise (6) Page (84):**

a- Find the depreciation and net book value for 5 years by using the **Units of Activity method**.

Annual Period	Depreciation for the Period			End of Period	
	Number of Units	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2016	-	-	-	-	63,000
2016	20,000	× 1.20	24,000	24,000	39,000
2017	15,000	× 1.20	18,000	42,000	21,000
2018	10,000	× 1.20	12,000	54,000	9,000
2019	5,000	× 1.20	6,000	60,000	3,000

b- Prepare the journal Entry for the first year (December 31st, 2016)

Date	Account Title	PR	Debit	Credit
Dec 31	Depreciation Expense		24,000	
	Accumulated Depreciation			24,000

c- IF purchased a new machine **on July 31, 2016** instead of Jan 1, 2016. Compute the depreciation and net book value for 2016 and 2017.

Annual Period	Depreciation for the Period			End of Period	
	Number of Units	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
31/7/2016	-	-	-	-	63,000
2016	20,000	× 1.20	= 24,000	24,000	39,000
2017	15,000	× 1.20	= 18,000	42,000	21,000

**Exercise (7):**

1- Compute the amount of acquisition cost?

$$38,000 + 1,800 + 2,200 = \text{BD}42,000$$

2- Complete the following table to find Depreciation Expense, Accumulated Depreciation and Net Book Value for the **first 3 years** by using **Straight Line Method**.

Annual Period	Depreciation for the Period			End of Period	
	Depreciable Cost	Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/01/2016	-	-	-	-	42,000
2016	41,000	÷ 5	= 8,200	8,200	33,800
2017	41,000	÷ 5	= 8,200	16,400	25,600
2018	41,000	÷ 5	= 8,200	24,600	17,400

3- Complete the following table to find Depreciation Expense, Accumulated Depreciation and Net Book Value for the **first 3 years** by using **Double Declining Method**.

Annual Period	Depreciation for the Period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/01/2016	-	-	-	-	42,000
2016	42,000	× 40%	= 16,800	16,800	25,200
2017	25,200	× 40%	= 10,080	26,880	15,120
2018	15,120	× 40%	= 6,048	32,928	9,072

## Chapter 5 - Textbook Exercises

### Exercise (5-1) Page (88):

Jan 1: Acquisition Cost = BD75,000 ∴ Accumulated Depreciation = BD75,000

June, 30: Acquisition Cost = BD45,000

Depreciation Expense Per Year =  $\frac{45,000}{5} = \text{BD } 9,000$

Depreciation Expense For Last Year =  $9,000 \times \frac{6}{12} = \text{BD } 4,500$

Accumulated Depreciation =  $9,000 \times 3Y + 4,500 = \text{BD } 31,500$

Dec, 31: Acquisition Cost = BD 33,000

Depreciation Expense Per Year =  $\frac{(33,000-3,000)}{6} = \text{BD } 5,000$

Accumulated Depreciation =  $5,000 \times 5 = \text{BD } 25,000$

Date	Account Title	PR	Debit	Credit
Jan 1	Accumulated Depreciation		75,000	
	Machines			75,000
Dec 31	Cash		14,000	
	Accumulated Depreciation		31,500	
	Gain on Disposal			500
	Equipment			45,000
Dec 31	Accumulated Depreciation		25,000	
	Loss on Disposal		8,000	
	Truck			33,000

### Exercise (5-3) Page (89):

Acquisition Cost = BD 65,000 Annual Depreciation =  $\frac{(65000-5000)}{5} = \text{BD } 12,000$

(A)- Accumulated Depreciation =  $12000 \times 3 = \text{BD } 36000$

Book Value =  $65000 - 36000 = \text{BD } 29000$

Gain/Loss =  $31000 - 29000 = \text{BD } 2000 \text{ Gain}$

(B)- Accumulated Depreciation =  $12000 \times 3 + (12000 \times \frac{4}{12}) = \text{BD } 40000$

Book Value =  $65000 - 40000 = \text{BD } 25000$

Gain/Loss =  $31000 - 25000 = \text{BD } 6000 \text{ Gain}$

(C)- Accumulated Depreciation =  $12000 \times 3 = \text{BD } 36000$

Book Value =  $65000 - 36000 = \text{BD } 29000$

Gain/Loss =  $11000 - 29000 = \text{BD } (-18000) \text{ Loss}$

(D)- Accumulated Depreciation =  $12000 \times 3 + (12000 \times \frac{9}{12}) = \text{BD } 45000$

Book Value =  $65000 - 45000 = \text{BD } 20000$

Gain/Loss =  $11000 - 20000 = \text{BD } (-9000) \text{ Loss}$

Date	Account Title	PR	Debit	Credit
Jan 1	Cash		31,000	
(A)	Accumulated Depreciation		36,000	
	Gain on Disposal			2,000
	Equipment			65,000
May 1	Cash		31,000	
(B)	Accumulated Depreciation		40,000	
	Gain on Disposal			6,000
	Equipment			65,000
Jan 1	Cash		11,000	
(C)	Accumulated Depreciation		36,000	
	Loss on Disposal		18,000	
	Equipment			65,000
Oct 1	Cash		11,000	
(D)	Accumulated Depreciation		20,000	
	Loss on Disposal		9,000	
	Equipment			65,000

## Chapter 5 - Extra Exercises

### Exercise (1) Page (95):

\* Acquisition Cost = BD 56,000

(A)- Accumulated Depreciation = BD 15,000

Book Value = 56,000 - 15,000 = BD 41,000

Gain/Loss = 40,000 - 41,000 = BD (-1,000) Loss

(B)- Accumulated Depreciation = BD 15,000

Book Value = 56,000 - 15,000 = BD 41,000

Gain/Loss = 43,200 - 41,000 = BD 2,200 Gain

(C)- Accumulated Depreciation = BD 15,000

Book Value = 56,000 - 15,000 = BD 41,000

Gain/Loss = 37,500 - 41,000 = BD (-3,500) Loss

Date	Account Title	PR	Debit	Credit
A	Cash		40,000	
	Accumulated Depreciation		15,000	
	Loss on Disposal		1,000	
	Machines			56,000
B	Cash		43,200	
	Accumulated Depreciation		15,000	
	Gain on Disposal			2,200
	Machines			56,000
C	Cash		37,500	
	Accumulated Depreciation		15,000	
	Loss on Disposal		3,500	
	Machines			56,000

### Exercise (3) Page (96):

Date	Account Title	PR	Debit	Credit
Dec 31	Accumulated Depreciation		24,000	
	Truck			24,000

### Exercise (4) Page (97):

Loss = 8,000 - 5,900 = BD2,100

Date	Account Title	PR	Debit	Credit
Dec 31	Accumulated Depreciation		5,900	
	Loss on Disposal		2,100	
	Truck			8,000



## Chapter 6 - Textbook Exercises

### Exercise (6-1) Page (101):

1-

D. BD417,000

2-

A. BD (217,000).

3-

B. Merchandising available for Sale.

4-

C. Net Sales.

5-

B. BD129,800

6-

C. BD35,000.

7-

D. BD20,200.

8-

A. Net Profit BD500.

### Exercise (6-2) Page (103):

Magda Co.  
Income Statement  
At the End of Dec, 31 2017

Sales		66,300	
Sales Returns		(200)	
Sales Discount		(500)	
<b>Net Sales</b>			<b>65,600</b>
Beginning Inventory		6,000	
Purchases	42,000		
Purchases Discount	(400)		
Net Purchases	41,600		
Carriage Inward	900		
<b>Cost Of Purchases</b>		<b>42,500</b>	
<b>Cost Of Goods Available For Sale</b>		<b>48,500</b>	
Ending Inventory		(4,000)	
<b>Cost Of Goods Sold</b>			<b>(44,500)</b>
<b>Gross Profit</b>			<b>21,100</b>
<b>Operating Expenses:</b>			
Telephone Expense	2,400		
Rent Expense	4,000		(6,400)
<b>Income From Operation</b>			<b>14,700</b>
<b>Other Expenses and Losses:</b>			
Interest Expense			(8,000)
<b>Net Income Before Tax</b>			<b>6,700</b>
Income Tax (6,700×5%)			(335)
<b>Net Income</b>			<b>6,365</b>

**Exercise (6-3) Page (106):****Nerees Company****Income Statement**For the year ended 31<sup>st</sup> December 2017

<b>Revenue from sales:</b>			
Sales		52,300	
Sales Returns and Allowance		800	
Net Sales			51,500
<b>Cost of Goods Sold:</b>			
Beginning Inventory		2,300	
Purchases	29,780		
Purchases Returns	320		
Net Purchases	29,460		
Freight In	240		
Cost of Purchases		29,700	
Cost of goods available for sale		32,000	
Ending Inventory		14,400	
Cost of Goods Sold			17,600
<b>Gross Profit</b>			33,900
<b>Operation Expenses:</b>			
Rent Expense			2,200
Net Income Before Tax			31,700
Income Tax 5% (31,700×5%)			(1,585)
Net Income			30,115

**Exercise (6-4) Page (107)**

Saleh Company  
Multiple Income Statement  
At the End of Dec, 31 2017

Sales		250,000	
Sales Returns		(4,000)	
<b>Net Sales</b>			<b>246,000</b>
Opening Inventory		3,500	
Purchases	16,000		
Purchases Discount	(5,000)		
<b>Net Purchases</b>	<b>155,000</b>		
Transportation In	1,100		
<b>Cost of Purchases</b>		<b>156,100</b>	
<b>Cost of Goods Available for Sale</b>		<b>159,600</b>	
Closing Inventory		(2,000)	
<b>Cost of Goods Sold</b>			<b>(157,600)</b>
<b>Gross Profit</b>			<b>88,400</b>
<b><u>Operation Expenses:</u></b>			
Rent Expense	17,000		
Wages Expense	13,000		
Supplies Expense	1,400		(31,400)
Income from Operation			57,000
+ Gain from Sale Equipment			8,200
- Interest Expense			(2,600)
<b>Net Income Before Tax</b>			<b>62,600</b>
Income tax (62,600 × 5%)			(3,130)
<b>Net Income</b>			<b>59,470</b>

**Exercise (6-5) Page (110):**

**1- Sales Discount = Sales - Net Sales**

$$512,000 - 504,000 = \text{BD}8,000$$

**2- Net Purchases = Purchases - Purchases Returns**

$$385,000 - 7,000 = \text{BD} 378,000$$

**3- Cost of Purchases = Net Purchases + Expenses on Purchases (Freight In)**

$$378,000 + 2,000 = \text{BD}380,000$$

**4- Opening Inventory = Cost of Goods Available for Sale - Cost of Purchases**

$$389,500 - 380,000 = \text{BD}9,500$$

**5- Cost of Goods Sold = Cost of Goods Available for Sales - Ending Inventory**

$$389,500 - 10,500 = \text{BD}400,000$$

**6- Gross Profit = Net Sales - Cost of Goods Sold**

$$504,000 - 400,000 = \text{BD}104,000$$

**7- Total Revenues = Fees Earned Only**

$$\text{BD}16,000$$

**8- Total Operating Expenses = Gross Profit - Income from Operation**

$$104,000 - 58,000 = \text{BD}46,000$$

**9- Net Income before Tax = Income from Operation + Other Rev. & Gains - Other Exp. & Losses**

$$58000 + 16000 \text{ (Fees Earned)} - 3400 \text{ (Interest Expenses)} - 2100 \text{ (Loss from Sales Assets)} = \text{BD}68,500$$

**10- Net Income = Net Income Before Tax - (Net Income Before Tax × Tax Rate)**

$$68500 - (68500 \times 5\%) = \text{BD}65,075$$

**Exercise (6-6) Page (112):**

Account Title	Business A		Business B	
Sales		105,000		129,000
Sales Returns		(5,000)		9,000
Net Sales		100,000		120,000
Cost of Goods Sold:				
Beginning Inventory	6,000		5,000	
Cost of Purchases	70,000		80,000	
Cost of Goods Available for Sale	76,000		85,000	
Ending Inventory	4,000		9,000	
Cost of Goods Sold		(72,000)		76,000
Gross Profit		28,000		44,000
Operating Expenses		(7,000)		5,000
Income from Operating		21,000		39,000
Interest Expenses		1,000		4,000
Income before Tax		20,000		35,000
Income Tax (5%)		(1,000)		(1,750)
Net Income		19,000		33,250

## Chapter 6 - Extra Exercises

### Exercise (1) Page (115):

Marwan Company  
Multiple Income Statement  
At the End of Dec, 31 2019

Sales		5,900	
Sales Returns		(1,000)	
Sales Discount		(200)	
<b>Net Sales</b>			<b>4,600</b>
Opening Inventory		1,380	
Purchases	2,400		
Purchases Returns	(550)		
Net Purchases	1,850		
Freight In	1,300		
Insurance On Purchases	150		
<b>Cost Of Purchases</b>		<b>3,300</b>	
<b>Cost Of Goods Available For Sale</b>		<b>4,680</b>	
Ending Inventory		(3,600)	
<b>Cost Of Goods Sold</b>			<b>(1,080)</b>
<b>Gross Profit</b>			<b>3,620</b>
<b><u>Operating Expenses:</u></b>			
Carriage Out	360		
Salaries Expense	250		(610)
<b>Income From Operation</b>			<b>3,010</b>
<b><u>Other Revenues And Gains:</u></b>			
Interest Revenue		450	
Rent Revenue		260	710
Net Income Before Tax			3,720
Income Tax (3,720×5%)			(186)
Net Income			3,534

**Exercise (2) Page (117):**

1- **Net Sales** = Sales - Sales Returns - Sales Discount

$$= 10,700 - 2,100 - 500 = \text{BD } 8,100$$

2- **Cost of Purchases** = (Purchases - Purchases Returns ) + Expenses on Purchases

$$= (3,200 - 900) + (100+130) = \text{BD } 2,530$$

3- **Cost of Goods Sold** = Opening Inventory + Cost of Purchases - Ending Inventory

$$= 2,400 + 2,530 - 900 = \text{BD } 4,030$$

4- **Gross Profit** = Net Sales - Cost of Goods Sold

$$= 8,100 - 4,030 = \text{BD } 4,070$$

**Exercise (4) Page (118):**

Nassem Trading Company  
Multiple Income Statement  
At the End of Dec, 31 2018

Sales		35,440	
Sales Returns		(550)	
Sales Discount		(100)	
<b>Net Sales</b>			<b>34,790</b>
Opening Inventory		16,000	
Purchases	9,000		
Purchases Returns	(140)		
Net Purchases	8,860		
Freight In	200		
<b>Cost Of Purchases</b>		<b>9,060</b>	
<b>Cost Of Goods Available For Sale</b>		<b>25,060</b>	
Closing Inventory		(10,000)	
<b>Cost Of Goods Sold</b>			<b>(15,060)</b>
<b>Gross Profit</b>			<b>19,730</b>
<b>Operating Expenses:</b>			
Carriage Out	350		
Advertising Expense	250		
Salaries Expense	150		
Travel Expense	390		
Repair & Maintenance Expense	220		(1,360)
<b>Income From Operation</b>			<b>18,370</b>
<b>Other Gains &amp; Revenues:</b>			
Commission Income			8,500
<b>Net Income Before Tax</b>			<b>26,870</b>
Income Tax (26,870×5%)			(1,343.5)
<b>Net Income</b>			<b>25,526.5</b>

**Exercise (5) Page (120):****1- Sales Discount:**

- a) **BD8,000**                      b) BD18,000                      c) BD16,000                      d) BD12,000

*Sales - Net Sales*

$$152000 - 504000 = \text{BD } 8000$$

**2- Net Purchases will be:**

- a) BD392,000                      **b) BD378,000**                      c) BD385,000                      d) BD380,000

*Purchases - Purchases Returns*

$$385000 - 7000 = \text{BD } 378000$$

**3- Cost of Purchases are:**

- a) **BD380,000**                      b) BD377,000                      c) BD387,000                      d) 383,000

*Net Purchases + Expenses on Purchases*

$$378000 + 2000 = \text{BD } 380000$$

**4- Opening Inventory will be:**

- a) BD12,500                      **b) BD9,500**                      c) BD6,500                      d) BD16,500

*Cost of Goods Available for Sale - Cost of Purchases*

$$389500 - 380000 = \text{BD } 9500$$

**5- Cost of Goods Sold are:**

- a) BD400,000                      b) BD390,500                      c) BD369,500                      **d) BD379,000**

*Cost of Goods Available for Sale - Ending Inventory*

$$389500 - 10500 = \text{BD } 379000$$

**6- Gross Profit will be:**

- a) BD114,500                      b) BD122,500                      c) BD133,000                      **d) BD125,000**

*Net Sales - Cost of Goods Sold*

$$504000 - 379000 = \text{BD } 125000$$

**7- Total Revenues are:**

- a) BD153,000                      b) BD138,500                      c) BD149,000                      d) BD141,000

**8- Total Operating Expenses are:**

- a) BD95,000                      b) BD80,500                      **c) BD83,000**                      d) BD91,000

*Net Income = Gross Profit - [Operating Expenses] + Other Gains & Revenues*

$$125000 - [83000] = 42000 + 160000 = \text{BD } 58000$$

**Exercise (6) Page (122):**

Nassem Trading Company  
Multiple Income Statement  
At the End of Dec, 31 2018

Sales		189,000	
Sales Returns		(4,000)	
<b>Net Sales</b>			<b>185,000</b>
Opening Inventory		3,500	
Purchases	123,000		
Purchases Discount	(3,000)		
Net Purchases	120,000		
Freight In	1,500		
<b>Cost Of Purchases</b>		<b>121,500</b>	
<b>Cost Of Goods Available For Sale</b>		<b>125,000</b>	
Ending Inventory		5,000	
<b>Cost Of Goods Sold</b>			<b>(130,000)</b>
<b>Gross Profit</b>			<b>65,000</b>
<b><u>Operation Expenses:</u></b>			
Freight Out		7,000	
Rent Expense		12,000	
Wages Expense		6,000	
<b>Total Operating Expense</b>			<b>25,000</b>
<b>Income From Operation</b>			<b>40,000</b>
<b><u>Other Gains &amp; Revenues:</u></b>			
Fees Earned		7,000	
Services Revenue		8,000	
<b>Total Revenues &amp; Gains</b>			<b>15,000</b>
<b>Net Income</b>			<b>55,000</b>