

**KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION**

DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

60

60

FIRST SEMESTER EXAM 2022/2023

MODEL ANSWERS

COURSE NAME: ACCOUNTING (2)

TRACK: التجاري وتوحيد المسارات

COURSE CODE: 212 محا

TIME: 2 Hours

QUESTION ONE:

1×11

11

Furniture sales company **uses the perpetual inventory system** and had the following transactions during May 2022.

May 1: Sold merchandise on credit for BD7,500, to customer Hani, terms

3/10, n/30. The items sold had a cost of BD6,900.

May 4: Purchased merchandise for cash BD2,100.

May 5: Purchased merchandise for BD4,600 on credit.

May 9: Received full amount due from customer Hani.

تعليمات التصحيح:

1- يراعى الخطأ المترتب.

2- تعطى درجة الشرطة على البيان والرقم

معاً، ونصف درجة الشرطة على البيان

فقط اذا كان صحيح.

Required:

Prepare journal entries to record each of the previous transactions.

Solution:

GENERAL JOURNAL

الإمام محمد بن عبد الوهاب

Date	Account Title and Explanation	PR	Debit	Credit
May 1	Account Receivable – Hani /		7,500	
	Sales /			7,500
	Cost of Goods Sold/		6,900	
	Merchandise Inventory/			6,900
May 4	Merchandise Inventory/		2,100	
	Cash/			2,100
May 5	Merchandise Inventory/		4,600	
	Account Payable/			4,600
May 9	Cash /		7,275	
	Sales Discount (7500 ×3%)/		225	
	Account Receivable - Hani /			7,500

QUESTION TWO:

The following transactions were completed during June 2022 in Ahmed Trading Est.

June 1: Purchased merchandise for BD10,200 on account from Adel Co.

June 4: Received credit memorandum from Adel Co, for merchandise returned BD200.

June 5: Sold merchandise on account to customer Salem for BD25,000.

June 7: Paid full amount due to Adel Co.

June 10: Received BD15,000 due from customer Salem.

June 12: Sold merchandise to customers BD8,000 for cash.

Required: Prepare journal entries to record the previous transactions. (Uses a periodic inventory system).

Solution:**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
June 1	Purchases /		10,200	
	Account Payable – Adel/			10,200
June 4	Account Payable – Adel/		200	
	Purchases Returns and Allowance/			200
June 5	Account Receivable – Salem/		25,000	
	Sales/			25,000
June 7	Account Payable – Adel/		10,000	
	Cash/			10,000
June 10	Cash /		15,000	
	Account Receivable – Salem/			15,000
June 12	Cash/		8,000	
	Sales/			8,000

QUESTION THREE:

The following balances on December 31, 2021 for Auto Parts Company:

Credit Sales BD420,000

Accounts Receivable BD70,000

Allowance for Doubtful Debts BD500 (Credit Balance).

Required:

Prepare journal entries for the following transactions:

Dec. 31 2021: Estimate allowance for doubtful debts is to be increased to 2% of accounts receivable.

Dec. 31 2021: Talal Est, can't pay his balance of BD250 was worthless. Auto Parts Company write off this amount receivable and uncollectable.

Jan. 15 2022: Auto Parts Company received BD250 of Talal Est, which wrote off on Dec, 31 2021.

1×12

12

1×8

8

Solution:

GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
Dec. 31 2021	Bad Debts Expense (70000×2%) –(500) /		900	
	Allowance for Doubtful Accounts/			900
Dec. 31 2021	Allowance for Doubtful Accounts/		250	
	Account Receivable (Talal)/			250
Jan, 15 2022	Account Receivable (Talal)/		250	
	Allowance for Doubtful Accounts/			250
Jan, 15 2022	Cash/		250	
	Account Receivable (Talal)/			250

QUESTION FOUR:

0.5×22

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Bader Company purchased a new machine for BD19,000 on Jan 1, 2019. The machine has an expected salvage value of BD1,000, and is expected to be driven 50,000 miles over its estimated useful life of 4 years. Actual miles driven were 20,000 in 2019, 15,000 in 2020, 10,000 in 2021, and 5,000 in 2022.

Required:

Find the depreciation and net book value for 4 years by using the **Units of Activity method.**

Solution:

Depreciation cost per unit = $\frac{\text{Cost - Salvage Value}}{\text{Total Units of Production}} = \frac{19000 - 1000}{50000} = 0.36 \text{ miles/}$



Annual Period	Depreciation for the period			End of Period	
	Number of Units	Depreciation cost per unit	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2019	-	-	-	-	19,000
31/12/2019	20,000 /	0.36/	7,200/	7,200/	11,800/
31/12/2020	15,000/	0.36/	5,400/	12,600/	6,400/
31/12/2021	10,000/	0.36/	3,600/	16,200/	2,800/
31/12/2022	5,000/	0.36/	1,800/	18,000/	1,000/

QUESTION FIVE:

1×7

7

On Jan, 1 2019: ALmadinah Company purchased equipment for BD42,000. It has been depreciation using the straight-line method based on estimated salvage value of BD2,000 and an estimated useful life of 5 years. It has accumulated depreciation BD24,000 on Dec,31 2021.

Required:

Prepare the journal entries to record the sales of the equipment in these independent situations.

1- Sold BD18,000 for cash on Dec,31 2021.

2- Sold BD20,000 for cash on Dec,31 2021.

Solution:**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Dec, 31 2021	Cash /		18,000	
	Accumulated Depreciation – Equipment /		24,000	
	Equipment/			42,000
Dec, 31 2021	Cash /		20,000	
	Accumulated Depreciation – Equipment /		24,000	
	Equipment /			42,000
	Gain on Disposal of Equipment/			2,000

QUESTION SIX:

0.5×22

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The following balances was extracted from the books of Noor Est., on December 31, 2021.

Cash BD18,000 – Sales BD107,000 – Purchases BD81,000 – Sales Discount BD2,000 – Purchases Returns BD6,000 – Beginning Inventory BD3,200 – Ending Inventory BD2,400 – Carriage In BD150 - Salaries Expense BD2,600 – Electricity Expense BD500 – Rent Expense BD300 – Interest Expense BD250 – Income Tax 10%.

Required:

Prepare the **Multiple Income Statement** for the year ended 31 December 2021.

Noor Est.,
Multiple - Step Income Statement
For Year Ended Dec 31, 2021

Sales /		107,000	
Less: Sales Discount/		(2,000)	
= Net Sales/			105,000
<u>Less: Cost of Goods Sold:</u>			
Beginning Inventory/		3,200	⊖
Purchases/	81,000	⊕	⊖
Less: Purchases Returns/	(6,000)		
= Net Purchases/	75,000		
+ Carriage Inwards/	150		
= Cost of Purchases/		75,150	
= Cost of Goods Available for Sale/		78,350	
Less: Ending Inventory/		(2,400)	
= Cost of Goods Sold /			(75,950)
= Gross Profit /			29,050
<u>- Operating Expenses:</u>			⊖
Salaries Expense/		2,600	⊖
Electricity Expense/		500	
Rent Expenses/		300	
Total Operating Expenses/			(3,400)
Income from Operations/			25,650
<u>- Other Expenses and Losses:</u>			⊖
Interest Expenses/			(250)
= Net Income before tax/			25,400
Income Tax (25,400 × 10%)/			(2,540)
Net Income (Profit)/			22860

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END OF ANSWER