

**KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION**

DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

60
60

FIRST SEMESTER EXAM 2023/2024

MODEL ANSWERS

COURSE NAME: ACCOUNTING (2)

TRACK: التجاري وتوحيد المسارات

COURSE CODE: 212 محا

TIME: 2 Hours

QUESTION ONE:

Choose the correct answer for the following questions:

1.5×8

12

1- The company had net sales of BD704,000 and gross profit is BD344,000.

Its cost of goods sold equals:

- A. BD 1,048,000.
- B. BD 306,000.
- C. BD 1408,000.

D. BD 360,000. ✓ (704,000 – 344,000)

2- A company had net purchases of BD122,000 and purchases returns BD13,000

.Its purchases equals:

- A. BD 135,000. ✓ (122000 + 13000)**
- B. BD 109,000.
- C. BD 153,000.
- D. BD 190,000

الإسلام
هو
حسب
السمان

3- Beginning inventory plus cost of purchases is:

- A. Cost of goods sold.
- B. Cost of goods available for sale. ✓**
- C. Ending inventory.
- D. Sales.

4- A company has net sales BD 525,000 and cost of goods sold BD410,000. Its net income is BD35,000. The company's operating expenses are:

- A. BD80,000 ✓ (525000 - 410000 - 35000)**
- B. BD115,000
- C. BD140,000
- D. BD90,000

- 5- A Company had sales of BD 150,000, sales discounts of BD 3,000, and sales returns of BD2,000. A Company's net sales equals:
- A. BD 153,000.
 - B. **BD 145,000. ✓ (150,000 – 3,000 – 2,000)**
 - C. BD 152,000.
 - D. BD 158,000.
- 6- Ahmed Company has sales BD84,000, Sales Returns BD1,500 and Gross Profit BD27,500. What is the Cost of goods sold?
- A. BD82,500
 - B. BD56,500
 - C. **BD55,000. ✓ (84,000 – 1,500 – 27,500)**
 - D. BD58,000
- 7- ABC Est. has cost of goods available for sales BD38000, total cost of purchases BD35200 and closing inventory BD3800. The Opening Inventory is:
- A. BD31400
 - B. BD34200
 - C. BD2080
 - D. **BD2800 ✓ (38000 - 35200)**
- 8- Salah Est. has Gross Profit BD18000, Rent Revenue BD2200 and Total Operating Expenses BD7200, then the result is:
- A. **Net Profit BD13000 ✓ (18,000 + 2,200 – 7,200)**
 - B. Net Profit BD20200
 - C. Net Loss BD13000
 - D. Net Profit BD8600

QUESTION TWO:

1×13

13

You are required to prepare journal entries and complete the following general journal of Noor Company for the month of April 2023, if the company uses perpetual inventory system. (Using the explanation).

GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April 1	Merchandise Inventory/		5,200	
	Cash/			5,200
	Purchased goods for BD5,200 for cash.			
April 5	Account Receivable – Huda /		24,000	
	Sales /			24,000
	Cost of Goods Sold/		22,700	
	Merchandise Inventory/			22,700
	Sold goods on credit for BD24,000, to customer Huda, terms 1/15 n/60. The items sold had a cost of BD22,700.			
April 6	Merchandise Inventory/		9,100	
	Account Payable (Asma)/			9,100
	Purchased goods for BD9,100 on credit form Asma Est.			
April 12	Account Payable (Asma) /		600	
	Merchandise Inventory/			600
	Returned goods to Asma Est. for BD600 on credit			
April 15	Cash /		23,760	
	Sales Discount (24000 × 1%)/		240	
	Account Receivable– Huda /			24000
	Received cash full amount due from debtor Huda.			

الإسلام

1×10

10

QUESTION THREE:

Hala Company equipment sales uses a **periodic inventory** system and had the following transactions during November 2022.

Nov. 1: Purchased merchandise on credit for BD9,500.

Nov. 2: Sold merchandise on credit for BD42,100, to customer Fadel, terms 3/10, n/30.

Nov. 5: Purchased merchandise for cash BD5,600.

Nov. 8: Issued a credit memorandum for BD2100 to customer Fadel, who returned merchandise purchased on Nov 2.

Nov. 14: Received full amount due from customer Fadel.

Required:

Prepare journal entries to record each of the previous transactions.

Solution:**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Nov. 1	Purchases/		9,500	
	Account Payable/			9,500
Nov. 2	Account Receivable – Fadel/		42100	
	Sales/			42100
Nov. 5	Purchases/		5600	
	Cash/			5600
Nov. 8	Sales Returns and Allowance/		2100	
	Account Receivable – Fadel/			2100
Nov. 14	Cash (42100 – 2100)/		40000	
	Account Receivable – Fadel/			40000

QUESTION FOUR:

1×7

7

Isa Est, uses the balance sheet approach to estimate bad debts. An analysis of the accounts receivable on December 31, 2022 produced the following age groups and the estimated percentage probably uncollectible:

Period	Accounts Receivable (BD)	Provision %	Provision for doubtful debts (BD)
Not yet due	20000	10%	2000/
1 - 30 days past due	25000	20%	5000/
31 - 60 days past due	40000	30%	12000/
Over 60 days past due	50000	40%	20000/
Total	A		39000/

Prior to adjustments at December 31, 2022 allowance for Doubtful Debts showed a **credit balance** of BD19000.

Required:

- A- Compute the estimated amount of Bad Debts. (insert the answer in the above table)
 B- Prepare the adjusting entry to bring the allowance for doubtful debts to the proper amount.

Solution:

Date	Account Title and Explanation	PR	Debit	Credit
B	Bad Debts Expense (39000 – 19000)/		20000	
	Allowance for Doubtful Accounts/			20000

QUESTION FIVE:

Fajer Company purchased a new machine on July 1st, 2018, at a cost of BD62,000. The Company estimated that the machine will have a salvage value of BD2,000 at the end of useful life 4-years.

0.5×26

13

Required:

Complete the following table to Compute the depreciation expense and net book value under **double declining-balance methods**.

$$\text{Depreciation Rate} = \frac{100}{\text{useful life}} \times 2 = (100 \div 4) \times 2 = 50\%$$

الإمام حسن الزمان

Annual Period	Depreciation for the period			End of Period	
	Beginning Book Value	Depreciation Rate	Depreciation Expense	Accumulated Depreciation	Book Value
1/7/2018	-	-	-	-	62,000
31/12/2018	62000 /	$\times 50\% / \times (6 \div 12) /$	15500 /	15500 /	46500 /
31/12/2019	46500 /	$\times 50\% /$	23250 /	38750 /	23250 /
31/12/2020	23250 /	$\times 50\% /$	11625 /	50375 /	11625 /
31/12/2021	11625 /	$\times 50\% /$	5812.5 /	56187.5 /	5812.5 /
1/7/2022	5812.5 /	$\times 50\% /$	3812.5* /	60,000 /	2,000 /

$$(5812.5 - 2000) = 3812.5^*$$

QUESTION SIX:

Presented below are selected transactions at Mohammed Company for 2022.

Oct. 01: Sold truck for BD12,450 cash that was purchased on January 1, 2019. The truck cost BD21,000. It had a useful life 5 years with no salvage value. The accumulated depreciation to that date was BD11,550.

Dec. 31: Discarded machine that was purchased on January 1 2019, at cost BD13,200. It was depreciated based on a 6 years useful life with a BD2,200 salvage value. The accumulated depreciation on that date was BD8,800.

Required:

Prepare journal entries for the previous transactions. **The Company uses straight-line depreciation.**

Solution:**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Oct. 01 2022	Cash /		12450	
	Accumulated Depreciation – Truck /		11,550	
	Truck /			21,000
	Gain on Disposal of Truck /			3,000
Dec. 31 2022	Accumulated Depreciation - Machine //		8,800	
	Loss on Disposal of Machine //		4,400	
	Machine //			13,200

END OF ANSWER

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

0.5×10

5