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MODEL ANSWERS

**KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION
INTERNAL EXAMS SECTION
SECONDRY EDUCATION / UNIFIED TRACK**

RESIT EXAM 2023/2024

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:**

2×5

10

A- The following information were extracted from the books of Salma Co.:

Total Credit Sales	BD200,000
Accounts Receivable	BD62,000
Allowance for Doubtful Debts	BD660 (Credit Balance)

The company decided to increase the allowance to 3% using the balance sheet approach, then the journal entry is: $(62,000 \times 3\%) - 660 = \text{BD1,200}$

a- Bad Debts Expense	BD1,200	✓
Allowance for Doubtful Debts	BD1,200	✓
b- Bad Debts Expense	BD1860	
Allowance for Doubtful Debts	BD1860	
c- Bad Debts Expense	BD2,520	
Allowance for Doubtful Debts	BD2,520	
d- Bad Debts Expense	BD6,000	
Allowance for Doubtful Debts	BD6,000	

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B- Fawaz electrical devices had credit sales of BD75,000, prior experience has revealed that 2% of these sales will be uncollectible. Bad debt expense will be:

$(75,000 \times 2\%)$

- a- BD75,000
- b- BD1050
- c- **BD1500** ✓
- d- None of them

C- Ahmed Co. has sales BD80,000 to customer who paid with **Visa Card**, if the services charge is 1% of credit sales. The journal entry should be in **debt Side**:

$$(800000 \times 1\%)$$

a- Cash BD800

b- Credit Card Expense BD800 ✓

c- Sales BD800

d- Account Receivable BD800

D- Mariam Co. had a beginning allowance of BD3,000 debit balance on January 1, 2022 and estimated BD4500 from account receivable to be uncollectable. Journal Entry for bad debts in credit side is:

a- Bad Debts Expense BD1500

b- Bad Debts Expense BD7500

c- Allowance for Doubtful Account BD7500 ✓

d- Allowance for Doubtful Account BD1500

E- Hana Company has the following age groups and the estimated percentages probably uncollectible:

Age Group	Amount (BD)	Estimated Percent Uncollectible	Estimated Amount Uncollectible (BD)
1-30 days past due	60,000	60%	36000
31-60 days past due	70,000	30%	21000
61-90 days past due	80,000	10%	8000

The estimated amount of bad debts is:

a- BD60,000

b- BD65000 ✓ (36000 + 21000 + 8000)

c- BD57,000

d- BD44,000

تعليمات عامة للتصحيح:
 1- يراعى الخطأ المترتب.
 2- تعطى درجة الشرطية على البيان والرقم معاً، ونصف درجة الشرطية على البيان فقط إذا كان صحيح.

1×11

11

QUESTION TWO:

Spare Parts sales company **uses the perpetual inventory system** and had the following transactions during July 2022.

July 01: Purchased merchandise from Arwa Company for BD17,400 under credit term 2/10, n/30.

July 04: Sold merchandise to customer Majed on credit for BD35,000. The cost of the merchandise sold was BD33,800.

July 06: Received BD2,400 credit memorandum from Arwa Company for the return merchandise purchased on July 1.

July 08: Paid full due to Arwa Company.

Required:

Prepare journal entries to record each of the previous transactions.

Solution:**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
July 01	Merchandise Inventory /		17,400	
	Account Payable (Arwa)/			17,400
July 04	Account Receivable – Majed/		35,000	
	Sales/			35,000
	Cost of Goods Sold/		33,800	
	Merchandise Inventory/			33,800
July 06	Account Payable (Arwa)/		2,400	
	Merchandise Inventory/			2,400
July 08	Account Payable (Arwa) (17400 - 2400)/		15,000	
	Merchandise Inventory (15000×2%)/			300
	Cash/			14,700

QUESTION THREE:

8×1

8

The following transactions were completed during June 2022 in ALEmad Trading Est. which applies a **periodic inventory system**. The Company offers all of its credit sales to customers credit terms of 1/20, n/60.

June 01: Purchased merchandise from Salem Company for BD18,000 under credit term 2/10, n/20.

June 02: Sold merchandise to customer Manal Est, on credit for BD32,000.

June 16: Issued a credit memorandum BD2,000 to customer Manal Est, for return merchandise sold on June 02.

June 24: Received the balance due from customer Manal Est.

Required: Prepare journal entries to record the previous transactions.

Solution:

GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
June 01	Purchases /		18,000	
	Account Payable – Salem/			18,000
June 02	Account Receivable – Manal/		32,000	
	Sales/			32,000
June 16	Sales Returns and Allowance/		2,000	
	Account Receivable – Manal/			2,000
June 24	Cash/ (32000 – 2000)		30,000	
	Account Receivable – Manal/			30,000

QUESTION FOUR:

0.5×26

13

ABC hospital bought new medical equipment on October 1st, 2018. Relevant information is given below:

Acquisition Cost	Useful Life	Salvage Value
BD84000	4 Years	BD4000

Required:

Find the depreciation and net book value for 4 years by using the **Straight Line**.

Solution:

Annual Period	Depreciation for the period			End of Period	
	Depreciable Cost	÷Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/10/2018	-	-	-	-	84,000
31/12/2018	80,000/	÷ 4 / × $\frac{3}{12}$ /	5,000/	5,000/	79,000/
31/12/2019	80,000/	÷4/	20,000/	25,000/	59,000/
31/12/2020	80,000/	÷4 /	20,000/	45,000/	39,000/
31/12/2021	80,000/	÷4 /	20,000/	65,000/	19,000/
1/10/2022	80,000/	÷4 / × $\frac{9}{12}$ /	15,000/	80,000/	4,000

QUESTION FIVE:

1×7

7

Presented below are selected transactions at Dana Company for 2022.

Jan. 1: Retired a truck that was purchased on January 1, 2017. The machine cost BD28,000 on that date. It had a useful life of 5 years with no salvage value.

Sept, 30: Sold motor van for BD8,000 cash that was purchased on January 1, 2020.

The motor van cost BD14,000. It had a useful life 7 years with no salvage value. The accumulated depreciation to that date BD5,000.

Required:

Prepare journal entries for the previous transactions. The Company uses straight-line depreciation (Assume depreciation is up to the above date of the previous transactions).

Solution:

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GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
Jan. 1 2022	Accumulated Depreciation – Truck /		28,000	
	Truck /			28,000
Sept, 30 2022	Cash /		8,000	
	Accumulated Depreciation - Motor Van/		5,000	
	Loss on Disposal of Motor van//		1,000	
	Motor van/			14,000

0.5×22

11

QUESTION SIX:

The following trial balance was extracted from the books of Fahad Co. on December 31, 20122.

Cash BD18,000 – Account Receivable BD6,200 – Supplies BD3,000 -Sales BD96,000 – Purchases BD51,000 – Sales Discount BD2,800 – Sales Returns BD1,200 – Purchases Returns BD1,500 – Beginning Inventory BD4,200 – Ending Inventory BD2,100 – Freight In BD500 - Salaries Expense BD2,600 – Fees Income BD5,800 - Salaries Expense BD2,200 – Rent Expense BD900 – Interest Expense BD700 – Income Tax 10%.

Required:

Prepare the Multiple Income Statement to find **Gross Profit** for the year ended 31 December 2022.

Fahad Co./
Multiple - Step Income Statement /
For Year Ended Dec 31, 2022 /

Sales /		96,000	
Less: Sales Returns /		(1,200)	
Sales Discount /		(2,800)	
= Net Sales //			92,000
Less: Cost of Goods Sold:			
Beginning Inventory/		4,200	
Purchases/	51,000	⊕	⊖
Less: Purchases Returns/	(1,500)		
= Net Purchases//	49,500		
+ Freight In/	500		
= Cost of Purchases/		50,000	
= Cost of Goods Available for Sale//		54,200	
Less: Ending Inventory/		(2,100)	
= Cost of Goods Sold //			(52,100)
= Gross Profit //			39,900

END OF ANSWER

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