

MODEL ANSWERS

KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION

DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

RESIT EXAM 2022/2023

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COURSE NAME: ACCOUNTING (3)

TRACK: توحيد المسارات

COURSE CODE: 213 ما

TIME: 1.5 Hours

QUESTION ONE:

The following selected balances were extracted from the book of Radwa Est, on December 31, 2022: Cash BD12,000 – Account Receivable BD3,200 - Radwa's Capital BD72,000 - Radwa's Drawings BD1,800 - Commission Income BD3,500 - Services Revenues BD4,500 - Wages Expense BD5,000 - Rent Expense BD1,000 - Electricity Expense BD800 and Advertising Expense BD2,200.

Required:

Prepare the necessary closing entries from the available information on December 31, 2022.

12×1

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Solution:GENERAL JOURNAL
CLOSING ENTRIES

تعليمات عامة للتصحيح:
1- يراعى الخطأ المترتب.
2- تعطى درجة الشرطة على البيان والرقم معاً، ونصف درجة الشرطة على البيان فقط اذا كان صحيحاً.

Date	Explanation	PR		
Dec. 31	Commission Income /		3,500	
	Services Revenues /		4,500	
	Income Summary /			8,000
Dec. 31	Income Summary /		9,000	
	Wages Expense /			5,000
	Rent Expense /			1,000
	Electricity Expense /			800
	Advertising Expense /			2,200
Dec. 31	Radwa, Capital /		1,000	
	Income Summary /			1,000
Dec. 31	Radwa, Capital /		1,800	
	Radwa, Drawings /			1,800

QUESTION TWO:

The following information relates to purchases and sales of watches for the month of October 2022:

15×1

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Date	Explanation	Units	Unit Cost (BD)	Total Cost (BD)
Oct. 01	Beginning Inventory	250	10	2,500
Oct. 05	Purchases	200	12	2,400
Oct. 19	Purchases	100	14	1,400
Oct. 25	Purchases	200	15	3,000

The Company **sold 500 units** at **selling price BD25 each** during the month of October 2022.

Required:

- A- Find the cost of **Ending Inventory** and **Cost of Goods Sold** using (WA) method. The company uses the periodic inventory system.
- B- Compute the value of **Gross Profit**.

Solution:

A- Calculate the Cost of **Ending Inventory** and **Cost of Goods Sold** using WA method.

$$1- \text{Total Cost of Goods Available for sales} = 2,500 + 2,400 + 1,400 + 3,000 \\ = \text{BD}9,300. /$$

$$2- \text{Total Units Available for Sales} = 250 + 200 + 100 + 200 = 750 \text{ Units/}$$

$$3- \text{Weighted Average Unit Cost} = \frac{9,300 /}{750 /} = \text{BD}12.4 \text{ per unit/}$$

$$4- \text{Cost of Ending Inventory} = 250 / \times 12.4 / = \text{BD}3100. /$$

$$5- \text{COGS} = 9,300 / - 3,100 / = \text{BD}6200 /$$

$$\text{OR: COGS} = 500 \times 12.4 = \text{BD}6200$$

$$\text{B-Gross Profit} = (500 / \times 25 /) - 6200 / = \text{BD}6300 /$$

13×1

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QUESTION THREE:

On December 31 2022, the bank statement of Sahra Co. showed balance of BD14,650. The cash book balance was BD15,450. The following information is given to reconcile the book balance with bank statement balance:

- Deposits in transit for BD 6400 did not appear on the bank statement.
- The following outstanding checks :
No.215 BD350 – No.216 BD420 – No.217 BD280.
- Bank service charges of BD160.
- Dividend received BD850 by the bank.
- NSF check by MH Company of BD600.
- Collected note by the bank from Abdulla BD4600 less collection charge for BD100 not entered in cash ledger.
- The amount of BD40 were charged for a new check book for the company but not recorded in the cash payment journal.

Required:

Prepare the Bank Reconciliation at December 31, 2022.

Solution:

الإسلام
عيسى بن مريم
عليه السلام

Sahra Co

Bank Reconciliation

December 31, 2022

Bank Statement Balance /		14,650	Cash Book Balance/		15,450
Add: Deposits in transit/		6,400	Add:		
		21,050	Collected BD4600 notes less BD100 collection charge/	4500	
			Dividend Revenue/	850	5350
					20800
Less: Outstanding checks			Less:		
No#215/	350		Bank services charge/	160	
No#216/	420		NSF Checks /	600	
No#217/	280		Printing Check Charge /	40	
		1050			800
Adjusted Bank Statement Balance/		20,000	Adjusted Book Balance/		20,000

QUESTION FOUR:

10×1

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You are required to prepare the journal entries for the following transactions occurred during July 2022, with account analysis columns for Postage Expenses, Stationery Expenses and Miscellaneous Expenses:

July 01	Received from the chief cashier to establish the petty cash fund.	125.000
08	Paid for postage stamps.	15.200
13	Paid for Stationery.	21.000
19	Paid for Miscellaneous.	18.600
21	Paid for Miscellaneous.	12.000
24	Paid for stationery.	14.000
27	Paid for postage.	6.200
30	Received reimbursement for BD 89 for the month's expenditures to restore (replenish) the float.	
July 31	Decreased the amount of the petty cash fund to BD100.	

Solution:**GENERAL JOURNAL**

Date	Explanation	Debit	Credit
July 01	Petty Cash /	125	
	Cash/		125
July 30	Postage Expenses (15.200 + 6.200)/	21.400	
	Stationery Expenses (21.000+14.000)/	35.000	
	Miscellaneous Expenses (18.600+ 12.000)/	30.600	
	Cash over and <u>short</u> //	2	
	Cash/		89
July 31	Cash/	25	
	Petty Cash/		25

QUESTION FIVE:

The following assets part of balance sheet for Bader Est. on December 31 2022.

Bader Est.
Balance sheet
December 31, 2022

20×0.5

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Account	Amount (BD)	Percentage %
Cash	12,000	$\frac{12,000}{120,000} \times 100 = 10\%$
Prepaid Insurance	18,000	$\frac{18,000}{120,000} \times 100 = 15\%$
Equipment	60,000	$\frac{60,000}{120,000} \times 100 = 50\%$
Furniture	30,000	$\frac{30,000}{120,000} \times 100 = 25\%$
Total Assets	120,000	$\frac{120,000}{120,000} \times 100 = 100\%$

Required:

Compute the percentage of assets part for balance sheet in the previous table by using the **Vertical Analysis**.

END OF ANSWER

الإسلام حسن العباد