

**KINGDOM OF BAHRAIN  
MINISTRY OF EDUCATION  
DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION**

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SECOND SEMESTER EXAM 2018/2019

**MODEL ANSWERS****COURSE NAME:** ACCOUNTING (1)**TRACK:** UNIFIED TRACKS**COURSE CODE:** 111 مكا**TIME:** 2 Hours**QUESTION ONE:****Choose the correct answer for each of the following:**

19×1

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1. The excess of expenses over revenues for a period is:

A. Net assets.

B. Equity.

**C. Net loss. /**

D. Net income.

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2. On Jan 31 2108, the assets and liabilities of ASH Company are as follows: Cash BD35,100; Accounts Receivable, BD8,900; Equipment, BD20,000; Accounts Payable, BD14,700. What is the amount of owner's equity?

**(State the steps of solution)**

A. BD 62,500

B. BD 44,000

C. BD 78,700

**D. BD 49,300 /****ملاحظات التصحيح:**

1-إعراعي الخطأ المترتب.

2-تعطي الدرجة على صحة البيان والرقم معا. أما إذا كتب

البيان صحيح والرقم خطأ يعطي نصف الدرجة.

3-لا تقبل الاختصارات في أسماء الحسابات المهمة.

وتعطي نصف الدرجة على الاختصارات إذا كانت صحيحة.

$$= 35,100 / + 8,900 / + 20,000 / - 14,700 / = \text{BD}49,300$$

3. A Company paid off BD 25,000 of its accounts payable in cash. What would be the effects of this transaction on the accounting equation?

A. Assets, BD 25,000 increase; liabilities, no effect; equity, BD 25,000 increase.

**B. Assets, BD 25,000 decrease; liabilities, BD 25,000 decrease; equity, no effect. //**

C. Assets, BD 25,000 decrease; liabilities, BD 25,000 increase; equity, no effect.

D. Assets, no effect; liabilities, BD 25,000 decrease; equity, BD 25,000 increase.

4. How would the accounting equation of SB Company be affected by the billing of a customer for BD 15,500 of services performed?

A. + BD 15,500 accounts receivable, - BD 15,500 accounts payable.

B. + BD 15,500 accounts receivable, + BD 15,500 accounts payable.

C. + BD 15,500 accounts receivable, + BD 15,500 cash.

**D. + BD 15,500 accounts receivable, + BD 15,500 equity (revenue). //**

5. Dream Company has assets of BD 720,000, liabilities of BD 220,000, and equity of BD 500,000. It buys office supplies on credit for BD 21,000. What would be the effects of this transaction on the accounting equation?

- A. Assets increase by BD 21,000 and expenses increase by BD 21,000.
- B. Assets increase by BD 21,000 and expenses decrease by BD 21,000.
- C. Liabilities increase by BD 21,000 and expenses decrease by BD 21,000.
- D. Assets increase by BD 21,000 and liabilities increase by BD 21,000. //**

6. The difference between a company's assets and its liabilities is:

- A. Net income.
- B. Expense.
- C. Owner's Equity. /**
- D. Revenue.

7. Expenses:

- A. Increase equity.
- B. Are the amount earned by the business from its activities.
- C. Are the costs of assets or services used to earn revenues. /**
- D. None of the above.

8. If the assets of a business increased BD 55,000 during a period of time and its liabilities increased BD 21,000 during the same period, equity in the business must have: (State the steps of solution)

- A. Increased BD 34,000. /**
- B. Decreased BD34,000.
- C. Decreased BD76,000.
- D. Increased BD76,000.

$$= 55,000 / -21,000 / = \text{BD}34000$$

9. Salaries payable appear on which of the following statements?

- A. Balance sheet. /**
- B. Income statement.
- C. Statement of owner's equity.
- D. None of the above.

10. The income statement reports all of the following **except:**

- A. Revenues earned by a business.
- B. Expenses incurred by a business.
- C. Assets owned by a business. /**
- D. Net income or loss earned by a business.

**QUESTION TWO:**

17×1

The following transactions for Faisal Travelling Agency during December 2018.

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- Dec 1 : Invested cash for BD95,500 in the business.  
 Dec 3 : Bought equipment BD14,200 for cash.  
 Dec 6 : Performed services for BD36,400 to AL-Madina Est. on account.  
 Dec 9 : Paid BD5,300 cash for electricity expense.  
 Dec 13: Hired a secretary by monthly salary BD800.  
 Dec 14: Withdrew cash BD2,100 for personal use.  
 Dec 16: Received full amount due from AL-Madina Est.

**Required:**

Complete the following tabular analysis for the previous transactions to show effects on the basic accounting equation.

Date	Assets			=	Liabilities	+	Owner's Equity	Remarks
	Cash	Accounts Receivable	Equipment		Accounts Payable		Capital	
Dec 1	+95,500/			=		+	+95,500/	Investment/
Dec 3	-14,200/		+14,200/	=		+		
Dec 6		+36,400/		=		+	+36,400/	Revenues/
Dec 9	-5,300/			=		+	-5,300/	Electricity Expense /
Dec 13		/N		=			E	
Dec 14	/-2,100			=		+	/-2,100	/Drawings
Dec 16	/-36,400	/-36,400		=		+		

**QUESTION THREE:**

42×0,5

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Hana Company completed the following transactions during the month of February 2018:

- 1- Invested BD22,500 for cash in the business. Memo #1.
- 2- Purchased supplies BD3,000 for cash.
- 3- Paid cash BD1,800 for wages expense.
- 4- Issued receipt #2255 to Hamad BD14,300 for services performed.
- 5- Received invoice#6548 from Amal BD2,600 for supplies.
- 6- Issued invoice #1113 to Asmaa BD11,200 for services provided.
- 7- Collected cash BD7,200 from customer Asmaa. receipt #2256.
- 8- The owner took cash BD1,400 for personal use, Memo #1.

**Required:**

- a) Post the above transactions to T-accounts and compute the balances at February 9, 2018.
- b) Prepare a trial balance for the company at February 9, 2018 by using the previous balances were extracted from T-accounts.

DR	Cash	CR	
1)	22,500 /	2)	3,000 /
4)	14,300 /	3)	1,800 /
7)	7,200 /	8)	1,400 /
	<u>44,000 /</u>		<u>6,200 /</u>
9) Balc.	37,800 /		

DR	Capital	CR
	1)	22,500 /
	9) Balc.	22,500

DR	Supplies	CR
2)	3,000 /	
5)	2,600 /	
9) Balc.	5,600 /	

DR	Wages Expense	CR
3)	1,800 /	
9) Balc.	1,800	

DR	Services Revenues	CR
	4)	14,300 /
	6)	11,200 /
	9) Balc.	25,500 /

DR	Account Payable	CR
	5)	2,600 /
	9) Balc.	2,600

DR	Account Receivable	CR	
6)	11,200 /	7)	7,200 /
9) Balc.	4,000 /		

DR	Drawings	CR
8)	1,400 /	
9) Balc.	1,400	

Hana Company  
Trail Balance  
At February 9, 2018

Account Title	Debit BD	Credit BD
Cash	//37,800	
Account Receivable	//4,000	
Supplies	//5,600	
Account Payable		//2,600
Capital		//22,500
Drawings	//1,400	
Services Revenues		//25,500
Wages Expense	//1,800	
<b>Total</b>	<b>//50,600</b>	<b>//50,600</b>

10×1.5

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**QUESTION FOUR:**

Basma Company has the following transactions during the month of May 2018.

May 01: Sold goods to Salah Est, for BD8,600 on credit.

May 02: Returned goods from Salah Est, for BD700.

May 03: Purchased goods from Yosif Co, for BD2,100 on credit.

May 05: Returned goods for BD100 to Yosif Co.

May 09: Paid full amount due to Yosif Co.

**Required:** Prepare journal entries for the previous transactions.

**GENERAL JOURNAL**

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Date	Explanation	Debit (BD)	Credit (BD)
<b>May 01</b>	Account Receivable /	8,600	
	Sales /		8,600
<b>May 02</b>	Sales Returns /	700	
	Account Receivable /		700
<b>May 03</b>	Purchases /	2,100	
	Account Payable /		2,100
<b>May 05</b>	Account Payable /	100	
	Purchases Returns /		100
<b>May 09</b>	Account Payable /	2,000	
	Cash /		2,000

**QUESTION FIVE:**

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The following accounts was extracted from the book of Hamad Repair services shop.

Account	BD	Account	BD
Loans	25,000	Supplies	3,800
Building	123,000	Cash	31,500
Account Payable	8,700	Wages Expense	11,900
Rent Expense	4,600	Notes payable	17,000
Beginning Capital	180,700	Drawings	2,300
Interest Expense	2,900	Account Receivable	6,500
Services Revenues	19,200	Prepaid Insurance	5,400
Machines	72,000	Fees Income	13,300

16×1 = 16
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**Required:**

a) Classify each of the previous accounts in which financial statement it can be recorded (Income Statement-Statement of Owner's Equity- Balance Sheet).

Income Statement	Statement of Owner's Equity	Balance Sheet
Services Revenues/ Fees Income/ Rent Expense/ Interest Expenses/ Wages Expenses/	Beginning Capital/ Drawings/	Cash / Account Receivable/ Supplies / Prepaid Insurance/ Building/ Machines/ Account Payable/ Notes payable/ Loans/

8×0.5 = 4
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b) Compute the value of net income or loss.

**Total Revenues** = 19,200 /+ 13,300 / = BD32,500/

**Total Expenses** = 4,600/ + 2,900 /+ 11,900/ = BD19,400/

**Net Income** = 32,500 - 19,400 = BD13,100/

c) Compute the value of ending capital.

$$4 \times 0.5 = 2$$

$$\text{Ending Capital} = 180,700/ + 13,100/ - 2,300 / = \text{BD}191,500. /$$

d) Compute the value (Total) of current, (Total) fixed assets and (Total) liabilities.

$$\text{Total Current Assets} = 31,500/ + 3,800/ + 6,500 / + 5,400/ = \text{BD}47,200. /$$

$$\text{Total Fixed Assets} = 123,000/ + 72,000/ = \text{BD}195,000. /$$

$$12 \times 0.5 = 6$$

$$\text{Total Liabilities} = 17,000 / + 25,000/ + 8,700/ = \text{BD}50,700. /$$

END OF ANSWER

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