

MODEL ANSWERS

**KINGDOM OF BAHRAIN
MINISTRY OF EDUCATION**

DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION

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MID TERM OF FIRST SEMESTER EXAM 2018/2019

COURSE NAME: ACCOUNTING (2)
COURSE CODE: 212 محا

TRACK: توحيد المسارات
TIME: 1 Hour

QUESTION ONE:

Choose the correct answer for each of the following questions:

10×1

10

1. IF the total revenues are greater than total operating expense in the income statement, it will result in:
- A. **Net Profit //**
B. Net Loss
C. Gross Profit
D. Gross Loss

2. The account carriage out is shown in the income statement as:
- A. Other Revenue
B. Expense on Purchase
C. **Operating Expense //**
D. Sales

- Manama Company purchased a machine on 1st of May 2018, at a cost price of BD4,000, tax BD200. The machine is expected to have a salvage value of BD500 at the end of its useful life of 5 years, it's **using the straight-line method: (Use this information to answer 3 and 4)**

3. The acquisition cost is:
- A. BD4,000
B. BD2,800
C. **BD4,200 /**
D. BD1,050

State the steps of the solution: $4,000 / + 200 / = BD4,200$

4. The Depreciation Base is:
- A. BD2,467
B. **BD3,700 /**
C. BD4,000
D. BD3,500

State the steps of the solution: $4,200 / - 500 / = BD3,700$

الإمام محمد بن عبد الوهاب

QUESTION TWO:

The following balances were extracted from the books of Muharraq Company:

Accounts	BD	Accounts	BD
Purchases	10,500	Sales Discount	150
Gross Sales	15,000	Sales Returns	250
Carriage in	200	Opening Inventory	????
Purchase Returns	180	Ending Inventory	3500
Purchase Discount	120	Gross profit	2700

18×1

18

Required:

From the balances above, prepare the **Partial Income Statement** for the period ended 31st December 2017:

Muharraq Company/
Partial Income Statement
For the period ended 31st December 2017/

<u>Revenue from sales:</u>			
Sales		15,000 /	
Less: Sales Discount	150 /	(-)	
Sales Returns	250 /	400	
Net sales			14,600 /
<u>Cost of goods sold:</u>			
Opening Inventory		5000 //	
Purchase	10,500 /		
Less: Purchase Discount	(120) /		
Purchase Return	(180) /		
Net purchase	10,200 /		(-)
Add: Expense on Purchase			
Carriage in	200 /		
Cost of purchases		10,400 /	
Cost of goods available for sale		15,400 /	
Less: Ending inventory		(3500) /	
Cost of goods sold			(11,900) /
Gross profit			2700 /

QUESTION THREE:

Riffa Company purchased a truck on 1st January 2016. Relevant information is given below:

Cost price	BD12,000
Insurance	BD500
Salvage value	BD1000
Useful life	4 years

24 x ½

12

20 x ½

10

Required:

A) Calculate the depreciation expense, accumulated depreciation and net book value by using the Double declining Method:

Year	Calculation	Depreciation Expense	Accumulated Depreciation	Net Book Value
2016	<u>12500 / X 50% /</u>	6250 /	6250 /	6250 /
2017	<u>6250 / X 50% /</u>	3125 /	9375 /	3125 /
2018	<u>3125 / X 50% /</u>	1562.5 /	10937.5 /	1562.5 /
2019	<u>1562.5 / - 1000 /</u>	562.5 /	11,500 /	1000 /

تعطي درجة قيد اليومية على صحة البيان والرقم معاً

4 x ½

2

B) Prepare the journal entries for the second year (2017):

Date	Explanation	Debit	Credit
31 Dec 2017	Depreciation expense – truck //	3125	
	Accumulated depreciation //		3125

END OF EXAM

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