### KINGDOM OF BAHRAIN MINISTRY OF EDUCATION



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**DIRECTORATE OF EXAMINATIONS / EXAMINATION SECTION** 

## MID TERM OF FIRST SEMESTER EXAM 2018/2019

COURSE NAME: ACCOUNTING (2)

TRACK: توحيد المسارات

TIME: 1 Hour

محا 212 : COURSE CODE:

#### **QUESTION ONE:**

Choose the correct answer for each of the following questions:

1. IF the total revenues are greater than total operating expense in the income statement, it will result in:

10×1

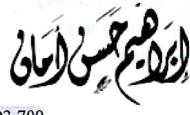
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- A. Net Profit //
- B. Net Loss
- C. Gross Profit
- D. Gross Loss
- 2. The account carriage out is shown in the income statement as:
- A. Other Revenue
- B. Expense on Purchase
- C. Operating Expense //
- D. Sales
- Manama Company purchased a machine 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 straightline 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



**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

Revenue from sales:			
Sales		15,000 /	
Less: Sales Discount	150 /	(-)	-1 -4 XI
Sales Returns	250 /	400	and the second
Net sales			14,600 /
Cost of goods sold:			
Opening Inventory		5000 //	
Purchase	10,500 /	I (75 Pers	in the first of
Less: Purchase Discount	(120)/	OWN ST. COMM	para 14 a
Purchase Return	(180 )/		Market State of State
Net purchase	10,200 /	4	(-)
Add: Expense on Purchase		. 11	A. (1.1.)
Carriage in	200 /	4	The said
Cost of purchases	4.7	10,400 /	F 1
Cost of goods available for sale	197.00	15,400 /	
Less: Ending inventory		(3500)/	at the same
Cost of goods sold			(11,900) /
Gross profit		9.34	2700 /

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## **QUESTION THREE:**

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

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

24 x ½
12

 $\frac{20 \times \frac{1}{2}}{10}$ 

### 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	12500 / X 50% /	6250 /	6250 /	6250 /
2017	6250 / X 50% /	3125 /	9375 /	3125 /
2018	3125 / X 50% /	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 معأ

4 x ½

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

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

END OF EXAM

