

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

**MODEL ANSWERS**

100  
100

**SECOND SEMESTER EXAM 2018/2019**

COURSE NAME: ACCOUNTING (3)  
COURSE CODE: 213 ما

TRACK: UNIFIED TRACK  
TIME: 1.5 Hours

**QUESTION ONE:**

21×1

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Choose the correct answer of each of the following:

1. Assets, liabilities, and equity accounts are not closed; these accounts are called:

- A. Nominal accounts.  
B. Temporary accounts.  
**C. Permanent accounts. /**  
D. Contra accounts.

تعليمات التصحيح:  
1- يراعي الخطأ المترتب.  
2- تحسب الدرجة على صحة البيان والرقم معا، وتعطي نصف الدرجة اذا البيان صحيح والرقم خطأ.  
3- تحسب خطوات الحل في الاختيار المتعدد اذا طلب.

2. Anwar, Capital account has a credit balance of BD17,000 before closing entries are made. If total revenues for the period are BD55,200, total expenses are BD39,800, and Drawings are BD9,000. What is the ending balance in the Anwar, Capital account after all closing entries are made? (State the steps of solution)

- A. BD 9,000.  
B. BD15,400.  
**C. BD23,400. /**  
D. BD17,000.

الإجابة: **23,400**

$$BD17,000 / + BD55,200 / - BD39,800 / - BD9,000 / = BD23,400$$

3. After preparing and posting the closing entries to close revenues and expenses into the income summary, the income summary account has a debit balance (Net Loss) of BD9,500. The entry to close the income summary account will include:

- A. a debit of BD9,500 to owner withdrawals.  
B. a credit of BD9,500 to owner withdrawals.  
C. a credit of BD9,500 to owner capital.  
**D. a debit of BD9,500 to owner capital. //**

4. If a check correctly written and paid by the bank for BD885 is incorrectly recorded in the company's books for BD858, how should this error be treated on the bank reconciliation?  
**(State the steps of solution)**

- A. Subtract BD27 from the bank's balance.
- B. Add BD27 to the bank's balance.
- C. Subtract BD27 from the book balance. /**
- D. Add BD27 to the book balance.

$$= 885 / - 858 /$$

5. Arwa Est, issued a check in the amount of BD645 to a supplier on account. The check cleared the bank during September. However, recorded in cash account incorrectly as BD654. The journal entry to correct this mistake when discovered will include:  
**(State the steps of solution)**

- A. A debit to Accounts Payable for BD654.
- B. A credit to Cash for BD654.
- C. A credit to Cash for BD9.
- D. A credit to Accounts Payable for BD9. /**

$$BD654 / - 645 / = BD9$$

6. During the month of March 2018, Ahmed Est, received a check in the amount of BD650 from a customer Hassan for performed services on account. The check is returned without being paid, because the account of customer Hassan did not a sufficient balance. The journal entry to correct this mistake when discovered will include:

- A. A debit to Accounts Payable for BD650.
- B. A credit to Account payable for BD650.
- C. A debit to Cash for BD650.
- D. A debit to Accounts receivable for BD650. //**

7. A company has inventory of 10 units at a cost of BD10 each on June 1. On June 3, it purchased 20 units at BD12 each. 12 units are sold on June 5. Using the LIFO periodic inventory method. What is the cost of the 12 units that were sold?

**(State the steps of solution)**

- A. BD120.
- B. BD144. /**
- C. BD124.
- D. BD130.

$$12 // \times 12 // = 144$$

9×1

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**QUESTION TWO:**

Selected the following accounts balance for Khaled Est, on Dec 31 2018:

Cash BD29,400 – Supplies BD2,600 – Building BD135,000 - Account Payable BD3,500 – Services Revenues BD17,600 – Unearned Services Revenues BD4,900 – Salaries Expenses BD9,950 – Supplies Expenses BD1,350 – Advertising Expenses BD1,800 – Drawings BD640 – Fees Income BD3,410.

**Required: Prepare the necessary closing entries for revenues and expenses only.**

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Date	Explanation	Debit (BD)	Credit (BD)
Dec 31	Services Revenues /	17,600	
	Fees Income /	3410	
	Income Summary //		21,010
Dec 31	Income Summary //	13,100	
	Salaries Expenses /		9,950
	Supplies Expenses /		1,350
	Advertising Expenses /		1,800

20×1

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**QUESTION THREE:**

Using the following data from the balance sheet of AHB Company to compute all percentage of increase or decrease by using Horizontal Analysis.

	2018	2017	increase or decrease %
Cash	25,000	20,000	$\frac{(25,000 - 20,000)}{20,000} \times 100 = 25\%$
Account Receivable	6,000	8,000	$\frac{(6,000 - 8,000)}{8,000} \times 100 = -25\%$
Supplies	5,000	4,000	$\frac{(5,000 - 4,000)}{4,000} \times 100 = 25\%$
Total Current Assets	36,000	32,000	$\frac{(36,000 - 32,000)}{32,000} \times 100 = 12.5\%$

**QUESTION FOUR:**

The following bank reconciliation statement for Hala Company for the month of ended on November 30 2018:

16×1

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**Hala Company**  
**Bank Reconciliation Statement**  
For the month of ended on November 30 2018:

Balance as per bank statement	18,250	
Add: Deposit in transit	7,750 /	
		26,000
Less: Outstanding checks		(2,500) /
Adjusted balance per bank statement		23,500
Balance as per cash book	19,100 /	
Add: Collected notes by the bank	6,000	
Interest earned	500	
Error in check # 2015 (Received form sales)	150	
		25,750
Less: NSF checks	1,900	
Bank services charge	120 /	
Error in check # 1110 ( Issued for buying supplies)	230	
		(2,250) /
Adjusted balance per cash book		23,500/

Required: 1- Compute the missing amount.

2- Prepare the necessary journal entries from the previous bank reconciliation Statement at November 30 2018.

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Date	Explanation	Debit (BD)	Credit (BD)
Nov 30	Cash //	6,650	
	Note Receivable /		6,000
	Interest Earned /		500
	Sales /		150
Nov 30	Account Receivable /	1,900	
	Bank services charge /	120	
	Supplies /	230	
	Cash //		2,250

**QUESTION FIVE:**

28×0.5

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Enter the following items in the Petty Cash Book for the month of October 2018 (with three analysis columns).

Oct. 01	Received from the chief cashier.	55.000
05	Paid for postage stamps.	4.200
07	Paid for note pads.	3.800
10	Paid for office tea & coffee.	2.700
14	Paid for soft drink.	9.600
20	Paid for taxi fares.	7.800
23	Paid for staples.	1.900
30	Paid for bus fares.	4.800
31	Received reimbursement for the month's expenditure to restore the float.	

الإسلام  
عبد الرحمن  
الحسين

**Petty Cash Book**

Total Receipts		Date	Particulars	Total Payments		Postage & Stationery		Transport Expense		Misc. Expense	
55	000/	Oct. 01	Cash/								
		Oct. 05	Postage Stamps	4	200/	4	200/				
		Oct. 07	Note Pads	3	800/	3	800/				
		Oct. 10	Tea & Coffee	2	700/					2	700/
		Oct. 14	Soft Drink	9	600/					9	600/
		Oct. 20	Taxi Fares	7	800/			7	800/		
		Oct. 23	Staples	1	900/	1	900/				
		Oct. 30	Bus Fares	4	800/			4	800/		
				34	800/	9	900/	12	600/	12	300/
34	800//	Oct. 31	Cash								
			Balance c/d	55	000//						
89	800//			89	800/						
55	000/	Nov.01	Balance b/d								

**QUESTION SIX:**

20×1

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The following information were extracted from the records of Riffa Company for the month of May 2015:

DATE	EXPLANATION	UNITS	UNIT COST (BD)	TOTAL VALUE (BD)
May 01	Inventory	200	6	1,200 /
May 20	Purchases	120	8	960 /
May 25	Purchases	180	11	1,980 /
1 -Total		500		4,140 /

60 % of total units were sold. The company using a periodic inventory system.

**Required:**

1- Calculate Cost of goods available for sale.

2- Calculate ending inventory units.

$$= 500 / \times 40\% / = 200 \text{ Units} / \text{ OR } (500) / - (500 \times 60\%) / = 200 \text{ Units} /$$

3- Calculate cost of Ending Inventory using FIFO method.

DATE	UNITS	UNIT COST (BD)	TOTAL VALUE (BD)
May 20 /	20 /	8 /	160 /
May 25 /	180 /	11 /	1,980 /
<b>Total</b>	<b>200 /</b>		<b>2,140 /</b>

4- Prove the amount allocated to the cost of goods sold under FIFO method.

	<b>FIFO</b>
Cost of goods available for sale	<b>4,140 /</b>
Less: Ending Inventory	<b>(2,140) /</b>
<b>= Cost of goods sold</b>	<b>2,000 /</b>

**END OF ANSWER**