

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

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**RESIT SEMESTER EXAM 2022/2023****MODEL ANSWERS****COURSE NAME:** ACCOUNTING (2)**TRACK:** التجاري وتوحيد المسارات**COURSE CODE:** 212 محا**TIME:** 2 Hours**QUESTION ONE:**

The following merchandising transactions of Danah Company, which applies the **perpetual inventory system**.

1×11

11

April 01: Purchased merchandise from Fatmah Est., for BD15,000 under credit term 2/10, n/30.

April 02: Sold merchandise to customer Fadel on credit for BD18,000.

The cost of the merchandise sold was BD16,900.

April 05: Received an BD1,000 credit memorandum from Fatmah Est., for the return merchandise purchased on April 1.

April 06: Paid full due to Fatmah Est.,

**Required:**

Prepare journal entries to record each of the previous transactions.

**Solution:****GENERAL JOURNAL**

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

Date	Account Title and Explanation	PR	Debit	Credit
April 01	Merchandise Inventory /		15,000	
	Account Payable (Fatmah) /			15,000
April 02	Account Receivable – Fadel /		18,000	
	Sales /			18,000
	Cost of Goods Sold /		16,900	
	Merchandise Inventory /			16,900
April 05	Account Payable (Fatmah) /		1,000	
	Merchandise Inventory /			1,000
April 06	Account Payable (Fatmah) (15000 - 1000)/		14,000	
	Merchandise Inventory (14000×2%) /			280
	Cash /			13,720

لؤدد همد حسن العمان

**QUESTION TWO:**

1×9

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Mariam Est., sportswear sales uses **a periodic inventory system** and had the following transactions during October 2022.

Oct. 1: Sold merchandise on credit for BD34,000, to customer Hamad, terms 1/10, n/20.

Oct. 3: Purchased merchandise on credit for BD8,700.

Oct. 6: Issued a credit memorandum for BD2,000 to customer Hamad, who returned merchandise purchased on Oct 1.

Oct. 9: Received full amount due from customer Hamad.

**Required:**

Prepare journal entries to record each of the previous transactions.

**Solution:****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Oct. 1	Account Receivable – Hamad/		34,000	
	Sales/			34,000
Oct. 3	Purchases/		8,700	
	Account Payable/			8,700
Oct. 6	Sales Returns and Allowance/		2,000	
	Account Receivable – Hamad/			2,000
Oct. 9	Cash/		31,680	
	Sales Discount (32,000 × 1%)/		320	
	Account Receivable – Hamad/ (34,000 – 2,000)			32,000

**QUESTION THREE:**

1×6

6

On May 1, 2021 the books of Nasser Est, shows a balance of BD15,100 for Accounts Receivable. On June 8, 2021 one of the account receivable (Waffa Est.) could not pay her balance of BD900 and write off to uncollectable. On October 15, 2021 Waffa Est made some profit and paid BD400.

**Required:**

Prepare the necessary journal entries (Use Direct Write off Method).

**Solution:**

Date	Account Title and Explanation	PR	Debit	Credit
June 8	Bad Debts expenses /		900	
	Account Receivable (Waffa) /			900
October 15	Account Receivable (Waffa) /		400	
	Bad Debts Expense (Recovery) /			400
October 15	Cash /		400	
	Account Receivable (Waffa) /			400

**QUESTION FOUR:**

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Fawaz Est. bought a new machine on **January 1, 2020**. Use the following information to answer. **(Use Straight line Method Depreciation)**

<b>Cost Price</b>	<b>BD 31000</b>	<b>Salvage Value</b>	<b>BD 3000</b>
<b>Fright cost</b>	<b>BD 2000</b>	<b>Useful Life</b>	<b>4 years</b>

**Required:**

A. Calculate the Acquisition cost.

$$\text{Acquisition Cost} = 31000 / + 2000 / = \text{BD}33000 //$$

B. Calculate the Depreciable Cost

$$\text{Depreciable Cost} = 33000 / - 3000 / = \text{BD}30000 //$$

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C. Complete the following table to calculate the Depreciation Expense, Accumulated Depreciation and Net Book Value for 4 years.

Annual Period	Depreciation for the period			End of Period	
	Depreciable Cost	÷ Useful life	Depreciation Expense	Accumulated Depreciation	Book Value
1/1/2020	-	-	-	-	33,000
31/12/2020	30,000 /	÷ 4/	= 7,500/	7,500/	25,500/
31/12/2021	30,000 /	÷ 4/	= 7,500/	15,000/	18,000/
31/12/2022	30,000 /	÷ 4/	= 7,500/	22,500/	10,500/
31/12/2023	30,000 /	÷ 4/	= 7,500/	30,000/	3,000/

**QUESTION FIVE:**

1×5
5

Presented below are selected transactions at Arwa Company for 2020.

Jan. 1: Retired an equipment that was purchased on January 1, 2015. The equipment cost BD20,000 on that date. It had a useful life of 5 years with no salvage value.

Dec. 31: Discarded a motor van that was purchased on January 1 2018, at cost BD18,000. It was depreciated based on a 5 years useful life with a BD2,000 salvage value. The accumulated depreciation to that date was BD9,600.

**Required:**

Prepare journal entries for the previous transactions. **The Company uses straight-line depreciation.**

**Solution:**

**GENERAL JOURNAL**



Date	Account Title and Explanation	PR	Debit	Credit
Jan. 1 2020	Accumulated Depreciation – Equipment/		20,000	
	Equipment/			20,000
Dec. 31 2020	Accumulated Depreciation - Motor Van /		9,600	
	Loss on Disposal of Motor Van/		8,400	
	Motor Van/			18,000

**QUESTION SIX:**

The following balances was extracted from the books of Nada Est., on December 31, 2021.

1×15

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Beginning Inventory BD9,500 – Ending Inventory BD11,400 – Sales BD151,000 – Purchases BD124,000 – Sales Returns BD11,000 – Purchases Discount BD4,000 – Insurance on Purchases BD2,000 -Wages Expense BD8,100 – Telephone Expense BD400 – Rent Expense BD1,500 – Interest Expense BD600 – Income Tax 10%.

**Required:** Calculate amount of the following accounts:

- 1- Net Sales =  $151,000 / - 11,000 / = \text{BD}140,000. /$
- 2- Net Purchases =  $124,000 / - 4,000 / = \text{BD}120,000. /$
- 3- Cost of Purchases =  $120,000 / + 2,000 / = \text{BD}122,000 /$
- 4- Cost of Goods Available for Sales =  $9,500 / + 122,000 / = \text{BD}131,500. /$
- 5- Cost of Goods Sold =  $131,500 / - 11,400 / = 120,100. /$

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END OF ANSWER