

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

COMMERCIAL EDUCATION EXAMINATION

FIRST SEMESTER EXAM 2007/2008

COURSE NAME : ACCOUNTING (3)

TRACK : التجاري

COURSE CODE : 213 ما

TIME : 1½ Hours

QUESTION ONE: (18 Marks)

Mega Company purchased Machinery on 1st January, 2002, relevant information is given below:

Cost Price	Transportation	Taxes	Salvage Value	Useful Life
BD17000	BD500	BD1500	BD1000	4 years

Required:

(A) By using the Straight Line Method, calculate the depreciation expense, accumulated depreciation and the net book value by using the following table:

- Acquisition cost =
- Depreciation base =

Year	Calculation	Depreciation expense	Accumulated depreciation	Net book value
1				
2				
3				
4				

(B) Prepare the journal entry for the first and second year.

QUESTION TWO: (10 Marks)

Avoon Company uses the Balance Sheet Approach to estimate Bad Debts. An analysis of the accounts receivable at 31st December, 2005 produced the following age groups and the estimated percentage probably uncollectible:

Period	Accounts Receivable (BD)	Provision	Amount of Provision (BD)
Net yet due	35 000	1%	
1-30 days past due	20 000	3%	
31-60 days past due	8 000	10%	
61-90 days past due	2 200	30%	
Over 90 days past due	4 000	50%	
Total	69 000		

Prior to adjustments at 31st December, 2005 the provision for doubtful debts showed a credit balance of BD3800.

Required:

- 1- Compute the estimated amount of Bad Debts.
- 2- Show the Journal entry to maintain the provision for doubtful debts to the proper amount.

QUESTION THREE: (22 Marks)

Complete the work sheet of Hassan Est. for the period ended 31st December 2004.

Adjustments:

- 1- Accrued utilities expense BD400.
- 2- Supplies on hand amounted to BD200.
- 3- Expired insurance BD200.

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Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	6200									
Accounts Receivable	1400									
Prepaid Insurance	700									
Supplies	300									
Equipment	4000									
Accounts Payable		400								
Notes Payable		800								
Capital		9000								
Drawings	120									
Fees earned		3000								
Salaries expense	200									
Rent expense	180									
Utilities expense	100									
Total	13200	13200								

END OF EXAM