

KINGDOM OF BAHRAIN

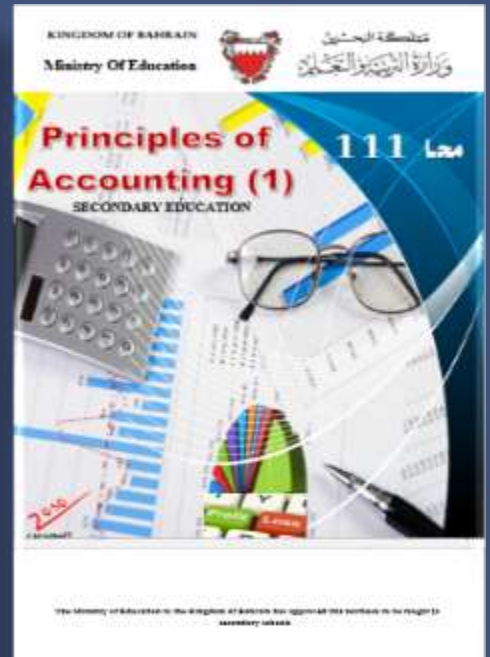
Ministry of Education



مملكة البحرين  
وزارة التربية والتعليم

# Teacher's Guide In Accounting 1

محا 111



2020  
البحرين  
BAHRAIN



The Ministry of Education, Kingdom of Bahrain has decided to teach this book in  
secondary schools

# **Teacher's Guide in Accounting**

## **Secondary Education**

**First Edition**

**2021**

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*Authoring and Development  
A specialized team from the  
Ministry of Education and  
specialists from the Kingdom of  
Bahrain*



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THE KING OF THE KINGDOM OF BAHRAIN





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### **A vision of accounting curricula:**

A curriculum that enhances belonging and consolidates the values of citizenship, by highlighting the role of financial and economic institutions, commercial projects, and production in the service of the national economy, and clarifying areas of commercial cooperation between the Arab Gulf states.

As well as providing students with accounting experiences and skills such as problem-solving, critical thinking, time management, financial statements analysis and feasibility study projects, and forming future visions about various economic activities in the Kingdom of Bahrain and ways to enhance and develop them.

### **Accounting Curriculum Message:**

- Building a conscious understanding of the Kingdom of Bahrain's economic vision 2030 and the goals of economic development
- Focusing on the study of accounting and its practices in project management.
- Developing awareness of the importance of accounting and its role in serving the national economy.
- Develop problem-solving, decision-making and crisis-management skills
- Using strategies that develop thinking skills (creative, innovative)
- Confirmation of comprehensive evaluation methods for developing higher-order thinking skills.
- Confirm the employment of information technology in the study of accounting.
- Emphasizing the employment of 21st century skills in education, such as self-learning, leadership, effective communication, digital culture, and others.



**Introduction:**

**Dear teachers,**

We are pleased to present the teacher's guide to Accounting, hoping that it will be a guide for you in teaching the subject, and a supporter in evaluating students, in order to achieve the desired goals of teaching accounting.

**The guide includes:**

**A) Introduction to the Accounting Series:**

This introduction explains how to build the series scientifically and pedagogically, and highlights the focal points on which the curriculum focuses in this class. The philosophy of the horizontally balanced and vertically interconnected series, and the various teaching methods used in the guide, Assessment types, and their suggested tools, that take into account individual differences between students.

**B) An overview of the chapter:**

The course divided into chapters. The teacher's guide begins in each chapter with an overview that includes an outline of the lessons and their objectives, the sources of their teaching, and the proposed time plan for teaching. Then it introduces the vertical coherence of the topic of the chapter during class and other classes. He then provides support to the teacher through the chapter start page in the student's book, and how benefit from them in presenting the topic of the chapter, as well as highlighting the purpose of the leaflets, their function and the time of their use. Then it displays a chart of the calendar with its different types and its various tools.



### C) Lessons:

The guide presents suggested activities that take into account the individual differences between students, and in a variety of ways, help the teacher in teaching each lesson. After that, the guide presents the lesson with specific steps, which are:

**The Focus:** Shows the correlation of key skills before, during and after the lesson.

**Teaching:** Provides suggestions for the teacher on how to teach the lesson, including discussion questions and suggested activities, and highlights accounting content of the lesson topic, as well as additional examples for the teacher.

**Training:** It includes various exercises according to the levels of the students to achieve the objectives of the lesson.

**Assessment:** Provides suggestions for evaluating the lesson. It also includes a proposal for the teacher to verify the extent to which students have comprehended the concepts and mastered the skills presented in the lesson. The manual presents a mechanism for following up the handouts. In each lesson, the guide also provides answers to questions and exercises.

### D) Evaluation methods

The series provides a variety of methods for evaluating students (diagnostic, formative, and summative), and mechanisms for dealing with students' errors and difficulties.

As we present this guide to our fellow teachers, we hope that it will gain their interest, meet their requirements for teaching this course, and help them fulfill their message.





## **The Importance of the Guide**

Dear teacher, the importance of the guide is that:

- It guides you, how to use multiple learning tools and resources.
- Provides you with suggestions related to the teacher's employment of technology
- Directs you to apply various teaching strategies.
- Provides you with clear procedures for how to carry out the learning activities.
- Shows how to address issues involved during the lesson.
- It directs you to use a variety of evaluation methods (cognitive - skill - emotional).
- Directs you to how to link and integrate between the branches of the article.
- It directs you to how to link and integrate between the material and other materials.
- Guides you on how to identify common errors, and treat them.
- Includes guiding models for calendar methods.
- It includes a list of educational and academic terms that you need in your teaching of the subject.
- Includes a list of references, and some websites; To use it in teaching the subject.





## Objectives of the guide

This guide aims to help you, dear teacher, in:

- Teaching the curriculum effectively to achieve the desired goals within the framework of active learning
- Effectively organize and manage the multi-level classroom.
- Forming an educational environment based on active learning that makes the learner the focus of the educational process and an active participant in the learning process.
- Stimulating learners' motivation towards learning and creating a cooperative atmosphere among them.
- The use of various educational means such as the general journal and methods of depreciation of fixed assets.
- Emphasis on the skill and emotional aspects when teaching accounting curricula.
- Using a variety of multi-level evaluation methods.



## **Vertically Connected Accounting Approach From Grade 11 to Grade 12**

This series introduces you to three dimensions of vertical bonding:

### **1- Content Design:**

Threading content is an important process that helps your students verify the exact sequence of content and its sequencing from one level to another. This gives you confidence that content is delivered, reinforced, and assessed in a timely manner, helps fill in gaps and avoid unnecessary repetition, enabling you to direct and adapt your teaching suit your needs.

### **2- Teaching Design:**

The strong vertical correlation between teaching methods starting from the first grade makes it easier for students to move from the primary stage to the preparatory stage, to the secondary stage. Vocabulary, sensory techniques and aids, lesson plan and treatment reduce the factors of difficulty and confusion that some students encounter as they move through different grades.

### **3- Visual Design:**

The series pages have visual designs that are consistent from one grade to the next, helping students to move smoothly from one stage to the next, and their motivation to learn and succeed increases when they are familiar with the way they work with them.



The five keys to success

**1- Concept Maps of Previous Experiences:**

The series considers conceptual maps and their development based on students' results in the business culture course.

**2- Balanced deep content:**

The series has been developed to focus on the skills and topics that are faced at each grade level. Students with difficulties, such as solving.

**a) Grade 11 (Accounting 1- ACC, 111):**

- Accounting in Action
- Analyzing and Journalizing Transactions
- Posting Journal Entries and Preparing Trial Balance
- Preparing Financial Statements
- Adjusting the Accounts
- Worksheet for Services Business

**b) Grade 12 ( Accounting 2 – ACC,212):**

- Journal Entries for Merchandising Business -Perpetual Inventory System.
- Journal Entries for Merchandising Business - Periodic Inventory System.
- Accounting For Receivable
- Depreciation of Plant Assets
- Plant Assets Disposals
- Income Statement for Merchandising Business

**c) Grade 12 ( Accounting 3 – ACC,213):**

- Closing Process For Temporary Accounts
- Inventories and Cost of Sales
- Cash and Internal Control Bank Reconciliation
- Cash and Internal Control Petty Cash system of Control.
- Financial Statements Analysis



**3- Continuous evaluation:**

This series includes diagnostic, formative, and summative assessments, and remedial and enrichment plans.

**4- Treatment plans and diversification of teaching:**

The series provides a three-tiered treatment plan:

a) **Daily Treatment:**

Various alternatives are identified in the teacher's guide for teaching concepts according to different learning styles.

b) **Strategic Treatment:**

Teachers use remedial tips and support materials.

c) **Intensive treatment:**

Provides instructional guidance, supportive vocabulary, and remedial plans to help students succeed.

d) **professional development:**

The series provides many opportunities for the teacher to develop his professional performance, through additional teaching methods, such as video, computer accounting, and vertically interlinked websites from grade 11 to grade 12.





## Research Base for Accounting Software

Continuous research with students, teachers, academics and experts helps build all mathematics programs from the first grade to the twelfth grade on solid foundations.

### a) Software Development Research

- National Standards Assessment
- Qualitative research for the needs of the labor market
- Research related to scientific content

### b) Formative Research

- Teaching research base
- practice class exams
- teacher advisory committees
- Academic reviewers and advisors

### c) Final Research

- Experimental indicators of program effectiveness
- longitudinal studies
- Program quality assessments



### **Preparing students for university studies and for the job market:**

This series connects what students learn in high school with what they are expected to know when they start university.



### **How can understudies be way better arranged for college considers?**

A strong high school curriculum is a good indicator of college readiness, as students who study high school accounting books in this series are more prepared for college than those who have not.

The following are some aspects of preparation for the university study that he developed:

#### **Mental Skills**

They are necessary skills for learning content at the university level, and include: critical thinking, problem solving and justification, and every day students who study this series have opportunities to develop higher-order thinking skills through the ability to learn.

#### **Scientific Content**

The secondary school books of this series are consistent with accurate international standards to suit university education and sustainable development goals according to Bahrain Vision 2030.

#### **General Skills**

That include skills such as: reading comprehension, time management, taking notes ... etc. This series provides opportunities to develop these skills through accounting reading guidelines, vocabulary links, prediction guides, and more.



### **What about students who do not plan to go to university?**

Accounting in the modern world of technology is no longer restricted to students who attend universities. One of the studies showed that the training programs that a person who wants to get a job is undergoing requires that this person have a certain level of education in preparing daily entries, analyzing accounting operations, preparing final financial statements, adjusting entries, closing and closing accounts, and preparing balance sheets. Until he succeeds in his work.

### **Program philosophy:**

The vertical connection of this series shows a balanced integration of education. This series provides students with a balanced accounting curve through:

- Develop, enhance and master procedural and arithmetic skills.
- Real-life issues.
- The application of accounting in a solution

The sequence of topics in 3 accounting books shows the development of the vertical interrelationship of the cognitive understanding and the procedural skills of accounting from the preparation of daily entries, methods of depreciation of fixed assets, methods of evaluating goods, final financial statements and analysis of financial statements.

### **Continuity of Education**

The learning sequence described illustrates the power of matching a desired outcome with success in algebra. This development process avoids gaps or overlaps between grade levels, and ensures that the concepts and skills of each grade are built on a solid foundation developed in previous grades. The same direction is used across all tracks, starting from the eleventh to the twelfth grade.



### Teaching Process Balance

- concepts
- skills
- solve problems

### Problem Solving Strategy

Problem solving strategies help students learn different ways to tackle difficult problems

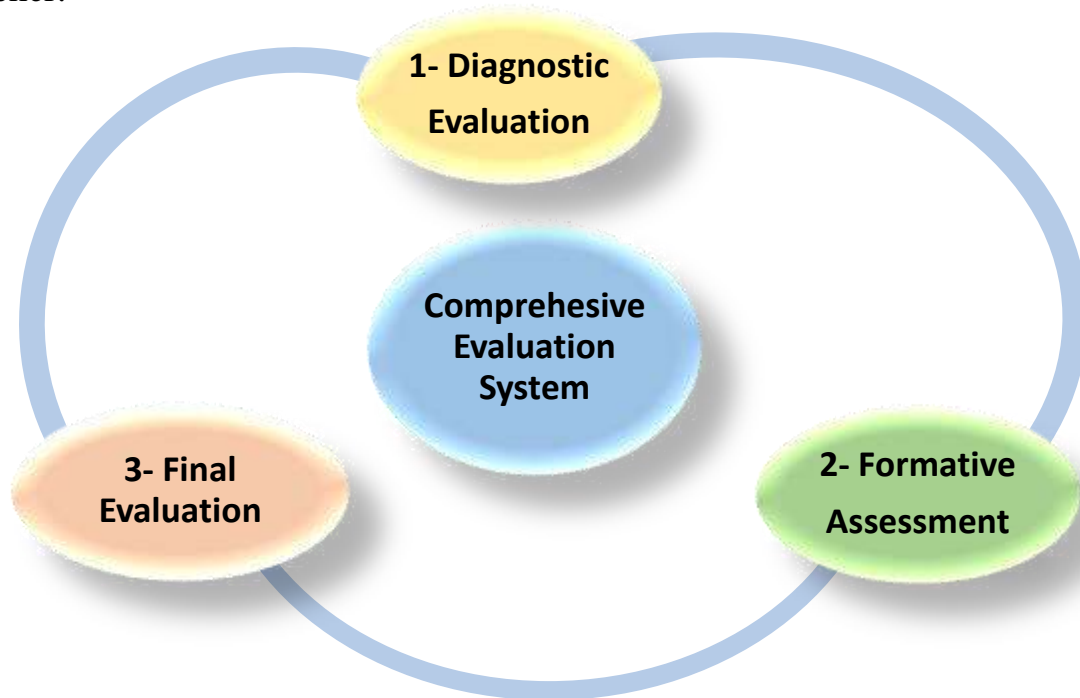
### Higher Thinking Skills Problems

These problems require the use of higher-order thinking skills (analysis, Composition, .....)

## Comprehensive Evaluation System

### Error handling

The series provides an on-going, meaningful assessment of student progress in the structure of the curriculum and in the supporting materials used by the teacher.



# 1

## Diagnostic Evaluation

### a) Preliminary Calendar

Assess your students' knowledge at the beginning of the school year using diagnostic tests and placement tests. This will help you determine if your students will need additional learning materials and resources; To be able to align with grade level standards.

### b) Academic input level Assessment

Evaluate the knowledge prior to your application at the beginning of the chapter or lesson, using the resources in the Student's Book, the Teacher's Handbook, or any other resources you see fit.

111 <sup>1-4</sup> COMMERCIAL & UNIFIED TRACK Page 1 NOTICE: The Exam Contains 6 Pages

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

Diagnostic EXAM 2020/2021

COURSE NAME : ACCOUNTING (I)      TRACK : COMMERCIAL & UNIFIED  
COURSE CODE : 111 <sup>1-4</sup>      TIME : 2 Hours

---

**QUESTION ONE: (16 Marks)**

The following are transactions of Al-Bander Company, you are required to show the effect of each transaction on the Basic Accounting Equation:

- 1- Invested cash BD40 000 in the business.
- 2- Purchased Equipment on account, BD500.
- 3- Performed service on account to Mosa Co., BD450.
- 4- Paid cash for Rent Expense, BD200.
- 5- Withdrew BD150 cash for personal used.

Trans. No	Asset				=	Liabilities Capital Revenue Expense				
	Cash	Al's Receivable	Equipment							

# 2

## Formative assessment

### Formative Assessment

Monitoring Progress: Determine if your students are making adequate progress as they learn in each lesson first, using the following types of assessment to vary the teaching and training:

111 <sup>1-4</sup> COMMERCIAL & UNIFIED TRACK Page 1 NOTICE: The Exam Contains 6 Pages

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

Midterm EXAM 2020/2021

COURSE NAME : ACCOUNTING (I)      TRACK : COMMERCIAL & UNIFIED  
COURSE CODE : 111 <sup>1-4</sup>      TIME : 2 Hours

---

**QUESTION ONE: (16 Marks)**

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Trans. No	Asset				=	Liabilities Capital Revenue Expense				
	Cash	Al's Receivable	Equipment							



- a) Student's Book
  - Make sure you understand
  - Mid-term exam
  - Study and revision guide
  - Brochures
  
- b) Teacher's Guide
  - Error handling

# 3

Final Evaluation

## Final Evaluation

Evaluate how successful your students are in learning each chapter using the following:

- a) Student's Book
  - End-of-Semester Exam
  - Cumulative Standard Exam
  - Research and Reports
  
- b) Teacher's Guide
  - Error handling

Acc.111 COMMERCIAL & UNIFIED TRACKS Page 1 NOTICE: The Exam Contains 8 Pages

KINGDOM OF BAHRAIN  
MINISTRY OF EDUCATION  
DIRECTORATE OF EXAMINATIONS

COMMERCIAL & UNIFIED TRACKS EDUCATION EXAMINATION

FIRST SEMESTER EXAM 2020-2021

COURSE NAME : ACCOUNTING (1) TRACK : التجاري وتوحيد المسارات  
COURSE CODE : 111 TIME : 2 Hours

**QUESTION ONE:**

(A) Complete the following table (use + for increase, - for decrease and NE for no effect):

Transaction	Assets	Liabilities	Owner's Equity
Paid cash to creditor.			
Sold Equipment on account.			
Performed service, ATN card # 14587214.			

(B) Find the missing amount in the following Accounting Equation:

No.	Assets			=	Liabilities	+	Owner's Equity
	Cash	Supplies	Accounts Receivable	=	Accounts Payable	+	Capital
1-	20,000	-----	1,600	=	2,600	+	20,000
2-	-----	1,400	3,000	=	3,400	+	11,000
3-	17,000	2,900	800	=	-----	+	17,700





### Diversification of Education

Meet the needs of students

The series provides broad support that takes into account individual differences among students. Each chapter and each lesson contains suggestions; To determine and meet the needs of your order. The diversification of education meets the needs of the following two groups:

- Below average student
- Above average student

### Advanced level students

Acceleration and Enrichment: The resources and homework that are rated for A-level students can be used with A-level students.

### Multilevel question set

The homework for each lesson was varied according to the levels of the students:

- below average
- within average
- above average

**Exercise (2.3)**

An analysis of the transactions made by Raina Company during July 2020.

Date	Assets =				Liabilities - Owner's Equity				
	Cash	Account Receivable	Truck	Equipment	Account Payable	Capital	Revenue	Drawings	Expenses
July 1	+40,000			+10,000		+50,000			
July 2			+8,400		+8,400				
July 5		+11,000					+11,000		
July 9	+1,000	-3,000							
July 15	-2,400				-2,400				
July 19	-1,100								-1,100
July 24	-700							-700	
July 31									TTTTT

**Required:**

1. Describe each transaction that occurred for July 2020.
2. Determine how much owner's equity increase for the month.

**Transactions:**

- July 1 : \_\_\_\_\_
- July 2 : \_\_\_\_\_
- July 5 : \_\_\_\_\_
- July 9 : \_\_\_\_\_
- July 15 : \_\_\_\_\_
- July 19 : \_\_\_\_\_



## **Education Plan**

The four-step education plan

### **Organize your education and include:**

- 1- the focus
- 2- teaching
- 3- training
- 4- Evaluation

**The Vertical Correlates at the beginning of each lesson** outline the objectives that lead to the current lesson content and the objectives that follow, and which come within the scope and sequencer document from grades eleven to twelfth.

### **Reinforcement questions**

Each lesson contains reinforcement questions; To be used to help students investigate and understand the main ideas of the lesson.

### **Additional examples**

Each additional example is a reflection of an example in the Student's Book.

### **Variations of homework**

Formative calendar activities provide alternative methods; To determine the extent to which students understand at the end of each lesson, such as:

#### **pre-learning**

Students connect what they have learned in the current lesson with what they have learned previously.

### **Later learning**

The student anticipates how the current lesson will relate to the next lesson





### Nomenclature of Terms in Accounting

The students specify the accounting information used in the problem.

### Exit Card

Students write the answer to the question on a sheet of paper that they turn over before you leave the classroom.

# 21st Century Skills

How today's students can stay competitive  
in a changing job market

## Learning Skills



critical thinking



creativity



collaboration



communication

## Literacy Skills



information



media



technology

## Life Skills



flexibility



leadership



initiative

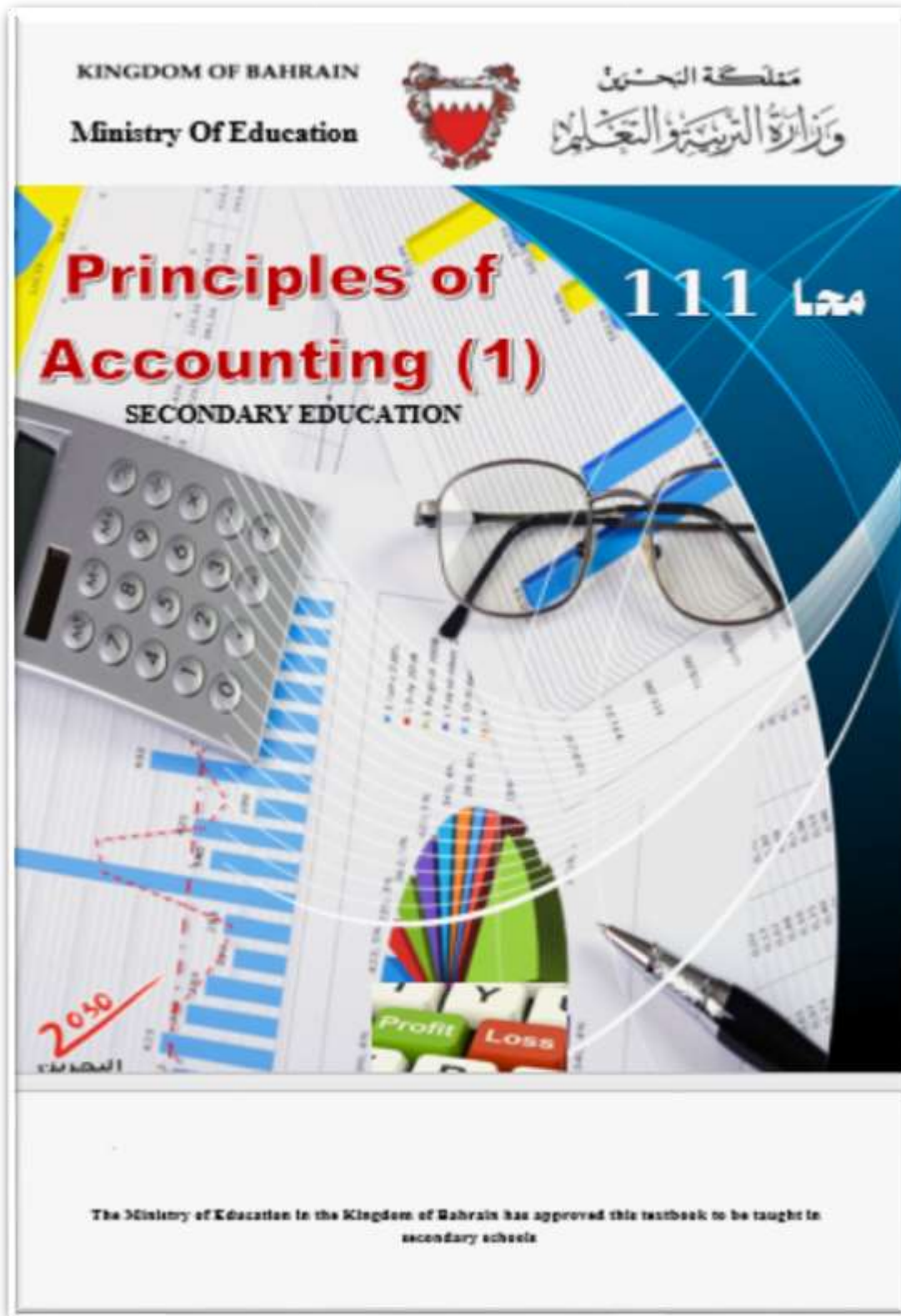


productivity



social skills





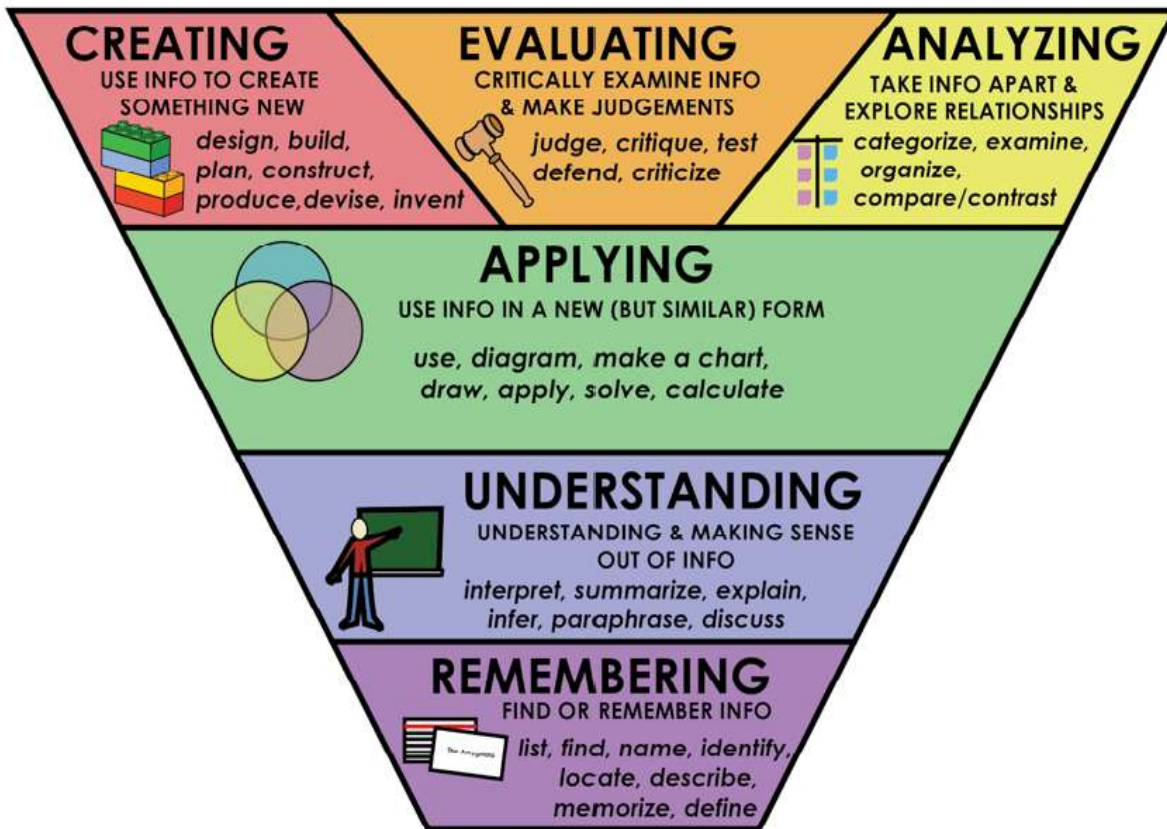
## Teaching Plan

	Chapter2	Chapter3	Chapter4	Chapter5	Chapter6	Chapter7
<b>Title</b>	Accounting in Action	Analyzing and Journalizing Transactions	Posting Journal Entries and Preparing Trial Balance	Preparing Financial Statements for Services Business	Adjusting the Accounts	Worksheet for Services Business
<b>Studying Period</b>	Three Weeks	Three Weeks	One Week	Two Weeks	Two Weeks	One Week
<b>Learning Objectives</b>	1- Explain the purpose of accounting. 2- Identify the users of accounting. 3- Knowing the difference between bookkeeping and accounting. 4- Explain the Accounting Assumptions and Accounting Principles. 5- Classify the types of business and types of business ownership. 6- Know the steps of the accounting cycle.	1- Explain what an account is and how it helps in the recording process. 2- Explain the meaning of source documents. 3- Define debits, credits, and the meaning of double entry system. 4- Identify the basic steps in the recording process. 5- Explain what a journal is and how it helps in the recording process.	1- Explain what a ledger is and how it helps in the recording process. 2- Explain the difference posting on T" account and general ledger. 3- Prepare a trail balance and explain its purpose.	1- Understand income statement and how it is prepared. 2- understand owner's equity statement and how it is prepared. 3- understand balance sheet and how it is prepared.	1- Explain the reasons for adjusting entries. 2- Identify the major types of adjusting entries. 3- Prepare the adjusting entries for deferrals. 4- Prepare the adjusting entries for accruals.	1- Prepare a worksheet for services business.
<b>Basic Vocabulary</b>	1- Current Assets 2- Fixed Assets 3- Intangible Assets 4- Current Liabilities 5- Long-term Liabilities 6- Owner's Equity	1- Double Entry System 2- Analyzing transactions to debit and credit 3- Recording transactions in the general journal	1- T. Account 2- General Ledger 3- Trail Balance	1- Revenues 2- Expenses 3- Net Income 4- Net Loss 5- Beginning Capital 6- Ending Capital	1- Prepaid Expenses 2- Unearned Revenue 3- Accrued Expenses 4- Accrued Revenue	1- Adjusted Trail Balance 2- Worksheet
<b>Lesson Resources</b>	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson	1- Text Book 2- Teacher's Guide 3- Activity Note Book 4- Digital Educational Lesson 5- YouTube Lesson
<b>Teaching Strategies</b>	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation	1- Brainstorming 2- Cooperative Education 3- Problem Solving 4- E-Learning 5- Peer evaluation
<b>Necessary Tools</b>	1- Text Book 2- Activity Note Book 3- Calculator	1- Text Book 2- Activity Note Book 3- Calculator	1- Text Book 2- Activity Note Book 3- Calculator	1- Text Book 2- Activity Note Book 3- Calculator	1- Text Book 2- Activity Note Book 3- Calculator	1- Text Book 2- Activity Note Book 3- Calculator



<b>Techniques</b>	1-Smart Interactive Whiteboard	1-Smart Interactive Whiteboard	1-Smart Interactive Whiteboard	1-Smart Interactive Whiteboard	1-Smart Interactive Whiteboard	1-Smart Interactive Whiteboard
<b>Diversification of Education</b>	Page (33-41- 45-46)	Page (55- 64- 69-70)	Page ( 83-92-100 - 101)	Page (115-116-117- 118-119)	Page (134-135-136- 137-138)	Page (149-150-151- 152-153)
<b>Student assessment methods</b>	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation	1- creative calendar 2- achievement files 3- Practical evaluation 4- self evaluation
<b>Assessment Strategies</b>	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection	1- Performance-based Assessment 2- Pencil and Paper 3- Reflection

## BLOOM'S TAXONOMY





## Chapter 2: Accounting In Action – part 1

### Lesson Notes

#### Why?

We must be understand the accounting equation and define its components.

#### Basic Accounting Equation:

Assets must equalize the sum of liabilities and owner's equity. Liabilities appear before owner's equity in the basic accounting equation because they are paid first if a business is liquidated

#### 1- The Focus

##### **Before the Lesson:**

Using the basic accounting equation to analysis transaction.

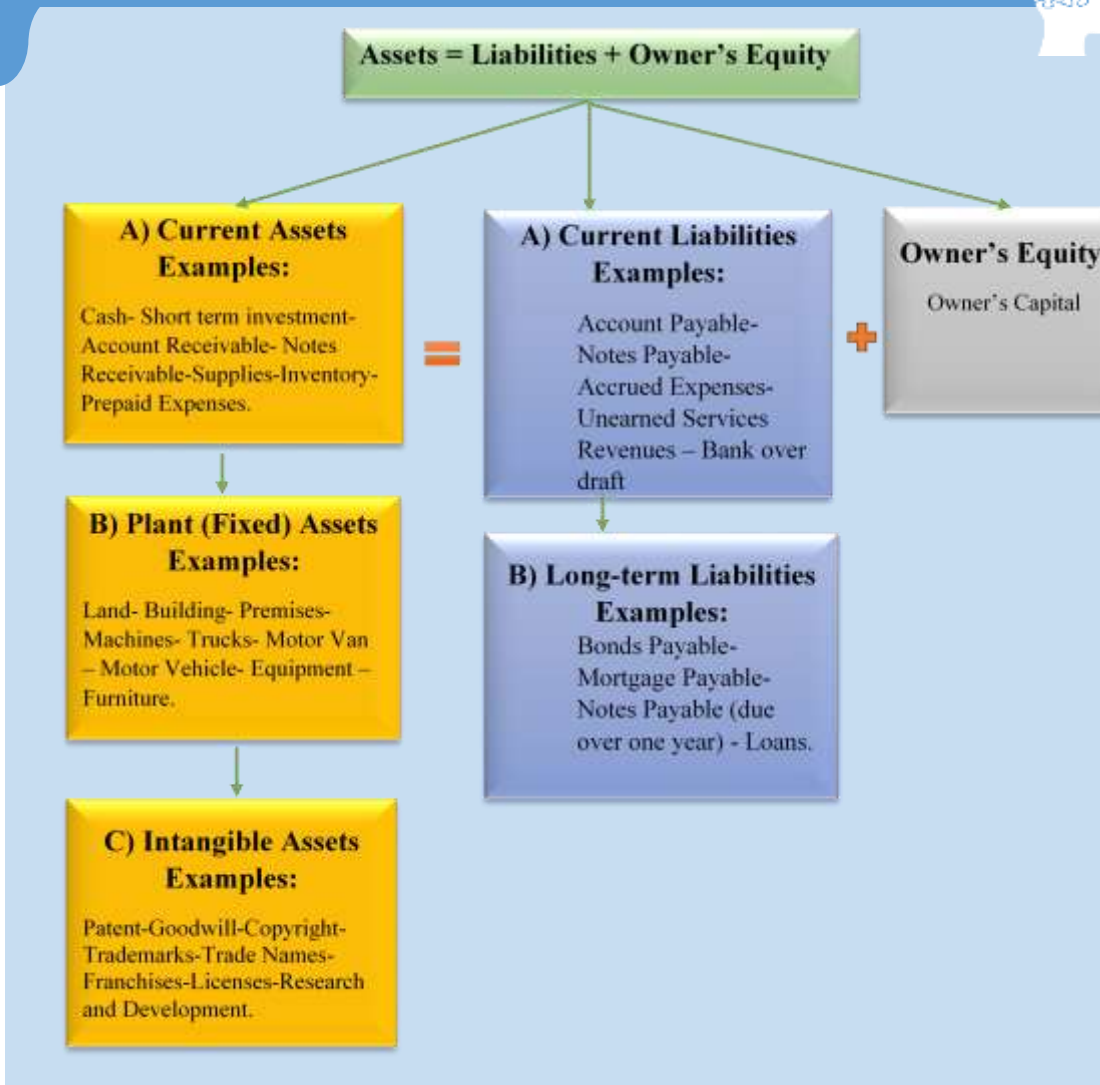
##### **The Lesson:**

1- Determine the types of assets and liabilities.  
2- Determine the accounts, which effects on owner's equity.

##### **After the Lesson:**

Using basic accounting equation to solving question.

Explain the types of assets, liabilities, and owner's equity.



**Transactions Analysis:**

Explain the effects on the basic accounting equation in:

- 1- Investment of assets.
- 2- Purchases Assets.
- 3- Payment to creditor.

**2- Teaching Reinforcement**

**Question:**

Ask the students to read pages 25, 26, and 27 (Text Book.)

**3- Formative Assessment.**

Ask the student to solve the class activity 1 (page 33) during the period by using brainstorming Strategy

1- Investment of Assets

2- Purchases Assets

**Illustration 2-1:**

On Jan, 1 2020, Abdulla invested cash BD50,000 in the business. This transaction results in an equal increase in cash and owner's capital:

Date	Assets				=	Liabilities +		Owner's Equity		
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses	
Jan, 1	+50,000					+50,000				

**Illustration 2-3:**

On Jan, 4 2020, Abdulla purchased equipment for BD2,000 cash. This transaction results in the decrease in cash and an increase in equipment:

Date	Assets				=	Liabilities +		Owner's Equity		
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses	
Jan, 1	+50,000					+50,000				
Jan, 2	+25,000		+5,000			+30,000				
Jan, 4	-2,000		+2,000							
Balance	+73,000		+7,000			+80,000				
Total	80,000					80,000				

**Study Instructions:**  
Remember that the basic accounting equation is:  
Assets = Liabilities + Owner's Equity



3- Payment to Creditor

**Illustration 2-6:**

On Jan, 13 2020, Abdulla Company paid BD1,500 cash to creditor Fawaz Est. This transaction results in the decrease in cash and the decrease in account payable:

Date	Assets =				Liabilities +	Owner's Equity			
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses
Jan, 1	+50,000					+50,000			
Jan, 2	+25,000		+5,000			+30,000			
Jan, 4	-2,000		+2,000						
Jan, 7				+4,500	+4,500				
Jan, 9	-4,000			+7,000	+3,000				
Jan, 13	-1,500				-1,500				
<b>Balance</b>	<b>+67,500</b>		<b>+7,000</b>	<b>+11,500</b>	<b>+6,000</b>	<b>+80,000</b>			
<b>Total</b>	<b>86,000</b>				<b>86,000</b>				

**Formative assessment:**

Ask the students to solve exercises pages 45, 46 (Text Book.)

➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/CH-2-Accounting-in-Action/CH-2-Accounting-in-Action.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/CH-2-Accounting-in-Action/CH-2-Accounting-in-Action.pptx)

Chapter Resources			
Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 45 (1,2,3)	Page 45 (3,4)	Page 46 (2-2)
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook



**Teaching with technology**

Ask the student to use the link and QR for revision.



## Chapter 2: Accounting In Action – part 2

### Transactions Analysis:

Explain the effects on the basic accounting equation in:

- D) Performing Services & receiving from debtors.
- E) Incurred Expenses
- F) Drawings
- G) Words no effects in accounting.

From illustration (2-7) to (2-13) pages (34-40)

#### Performed Services



#### Illustration 2-7:

On Jan, 15 2020, Abdulla Company completed services to customer for BD8,500 cash. This transaction results in an increase in cash and an increase in owner's equity (revenues):

Date	Assets =				Liabilities +		Owner's Equity		
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses
Jan, 1	+50,000					+50,000			
Jan, 2	+25,000		+5,000			+30,000			
Jan, 4	-2,000		+2,000						
Jan, 7				+4,500	+4,500				
Jan, 9	-4,000			+7,000	+3,000				
Jan, 13	-1,500				-1,500				
Jan, 15	+8,500						+8,500		
<b>Balance</b>	<b>+76,000</b>		<b>+7,000</b>	<b>+11,500</b>	<b>+6,000</b>	<b>+80,000</b>	<b>+8,500</b>		
<b>Total</b>	<b>94,500</b>				<b>94,500</b>				

### Lesson Notes

#### The Focus

#### **Before the Lesson:**

Revision the transactions for investment, purchases assets and payment to creditors.

#### **The Lesson:**

Analysis transactions for:

- D) Performing Services & receiving from debtors.
- E) Incurred Expenses
- F) Drawings
- G) Words no effects in accounting.

#### **After the Lesson:**

Using basic accounting equation to solving question.





Receiving from Debtors - Incurred Expenses

**Illustration 2-10:**

On Jan, 25 2020, Abdulla Company received BD4,000 cash from customer Bader. This transaction results in a decrease in account receivable and an increase in cash:

Date	Assets =				Liabilities +		Owner's Equity		
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses
Jan, 1	+50,000					+50,000			
Jan, 2	+25,000		+5,000			+30,000			
Jan, 4	-2,000		+2,000						
Jan, 7				+4,500	+4,500				
Jan, 9	-4,000			+7,000	+3,000				
Jan, 13	-1,500				-1,500				
Jan, 15	+8,500						+8,500		
Jan, 18		+10,000					+10,000		
Jan, 23	+3,500	+6,000					+9,500		
Jan, 25	+4,000	-4,000							
<b>Balance</b>	<b>+83,500</b>	<b>+12,000</b>	<b>+7,000</b>	<b>+11,500</b>	<b>+6,000</b>	<b>+80,000</b>	<b>+28,000</b>		
<b>Total</b>	<b>114,000</b>				<b>114,000</b>				

**Illustration 2-11:**

On Jan, 26 2020, Abdulla Company paid cash BD3,000 for wages expenses. This transaction results in a decrease in cash and a decrease in owner's equity (expenses):



**2- Teaching Reinforcement**

**Question:**

Ask the students to read pages 34 - 40 (Text Book.)

**3- Formative Assessment.**

Ask the student to solve the class activity 2 (page 41)

During the period by using problem solving strategy.

**Study Instructions:**

Remember that the basic accounting equation is:  
 Assets = Liabilities + Owner's Equity



Performed Services

Date	Assets =				Liabilities + Owner's Equity				
	Cash	Account Receivable	Equipment	Machines	Account Payable	Capital	Revenues	Drawings	Expenses
Jan, 1	+50,000					+50,000			
Jan, 2	+25,000		+5,000			+30,000			
Jan, 4	-2,000		+2,000						
Jan, 7				+4,500	+4,500				
Jan, 9	-4,000			+7,000	+3,000				
Jan, 13	-1,500				-1,500				
Jan, 15	+8,500						+8,500		
Jan, 18		+10,000					+10,000		
Jan, 23	+3,500	+6,000					+9,500		
Jan, 25	+4,000	-4,000							
Jan, 26	-3,000								-3,000
<b>Balance</b>	<b>+80,500</b>	<b>+12,000</b>	<b>+7,000</b>	<b>+11,500</b>	<b>+6,000</b>	<b>+80,000</b>	<b>+28,000</b>		<b>-3,000</b>
<b>Total</b>	<b>111,000</b>				<b>111,000</b>				

**Teaching with technology**  
Ask the student to use the link and QR for revision.

**Teaching Instruction**  
Explain to student's illustration (2-7) & (2-14) Pages 34 -41



➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/CH-2-Accounting-in-Action/CH-2-Accounting-in-Action.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/CH-2-Accounting-in-Action/CH-2-Accounting-in-Action.pptx)

Chapter Resources			
Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 46	Page 47	Page 48
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
Ask the students to solve exercises pages 47, 48 (Text Book.)



# CHAPTER 2

## Accounting In Action



# *Text Book Exercises*



## Exercises

### Exercise (2-1):

Answer the following questions by using the accounting equation.

- At the beginning of the year, Essa company's assets were BD125,000 and liabilities were equal to BD35,000 at year- end. During the year, assets increased by BD45,000 and liabilities increased by BD15,000. What is total equity at the end of the year?

#### Solution:

$$\begin{aligned}
 \text{Beginning:} \quad A &= L + OE \\
 125,000 &= 35,000 + (OE) \\
 OE &= 125,000 - 35,000 \\
 &= \text{BD}90,000
 \end{aligned}$$

$$\begin{aligned}
 \text{The year ended} \quad (125,000 + 45,000) &= (35,000 + 15,000) + OE \\
 170,000 &= 50,000 + OE \\
 OE &= 170,000 - 50,000 \\
 &= \text{BD}120,000
 \end{aligned}$$

- Ebrahim Est, has BD63,000 in assets and BD18,000 in liabilities at the end of the year. What is the total equity at the end of the year?

#### Solution:

$$\begin{aligned}
 A &= L + OE \\
 63,000 &= 18,000 + OE \\
 OE &= 63,000 - 18,000 \\
 &= \text{BD}45,000
 \end{aligned}$$

- At the beginning of the year, Salman company's liabilities was equal to BD20,000. During the year, assets decrease by BD30,000 and at the year- end the assets were equal to BD90,000. What is the beginning amounts of equity?

#### Solution:

$$\begin{aligned}
 A &= L + OE \\
 (90,000 + 30,000) &= 20,000 + OE \\
 OE &= 120,000 - 20,000 \\
 &= \text{BD}100,000
 \end{aligned}$$



4. At the beginning of the year, Ahmed Company's equity was equal to BD84,000. During the year, assets increase by BD12,000 and at the year-end the assets equal to BD124,000. Equity increase by BD6,000. What are the beginning and ending amounts of liabilities?

**Solution:**

$$\begin{aligned}
 \text{Beginning:} \quad & A &= L + OE \\
 & 124,000 - 12,000 &= L + 84,000 \\
 & 112,000 &= L - 84,000 \\
 & L &= 112,000 - 84,000 \\
 & &= \text{BD}28,000
 \end{aligned}$$

$$\begin{aligned}
 \text{The year ended} \quad & 124,000 &= L + (84,000 + 6,000) \\
 & 124,000 &= L + 90,000 \\
 & L &= 124,000 - 90,000 \\
 & &= \text{BD}34,000
 \end{aligned}$$

5. At the beginning of the year, Razan Company's equity was equal BD182,000 and BD32,000 in liabilities. During the year, liabilities decrease by BD7,000 and no change in equity. What are the beginning and ending amounts of assets?

**Solution:**

$$\begin{aligned}
 \text{Beginning:} \quad & A &= L + OE \\
 & 182,000 &= 32,000 + OE \\
 & OE &= 182,000 - 32,000 \\
 & OE &= \text{BD}150,000
 \end{aligned}$$

$$\begin{aligned}
 \text{The year ended} \quad & 182,000 &= (32,000 - 7,000) + OE \\
 & 182,000 &= 25,000 + OE \\
 & OE &= 182,000 - 25,000 \\
 & &= \text{BD}157,000
 \end{aligned}$$



**Exercise (2-2):**

Selected transactions for Hassan's Company are listed below.

Transactions	Assets	Liabilities	Owner's equity
1. Invested cash in the business.	+		+
2. Purchased Supplies for cash.	+ /-		
3. Performed services to customer on account.	+		+
4. Paid cash for salaries expenses.	-		-
5. Purchased furniture on credit.	+	+	
6. Paid cash to creditor.	-	-	
7. Withdrew cash for personal use.	-		-

**Required:**

From the above transactions, describe the effect (increase or decrease) on assets, liabilities and owner's equity.



**Exercise (2-3):**

An analysis of the transactions made by Raina Company during July 2020.

Date	Assets =				Liabilities + Owner's Equity				
	Cash	Account Receivable	Truck	Equipment	Account Payable	Capital	Revenues	Drawings	Expenses
July 1	+40,000			+10,000		+50,000			
July 2			+8,400		+8,400				
July 5		+13,000					+13,000		
July 9	+3,000	-3,000							
July 15	-2,400				-2,400				
July 19	-1,100								-1,100
July 24	-720							-720	
July 31						?????			

**Required:**

1. Describe each transaction that occurred for July 2020.
2. Determine how much owner's equity increase for the month.

**Transactions:**

July 1 : Invested BD40,000 cash and BD10,000 equipment in the business.

July 2 : Purchased BD8,400 truck on credit.

July 5 : Performed services BD13,000 on credit.

July 9 : Received BD3,000 cash from debtors.

July 15: Payment BD2,400 cash to creditors.

July 19: Payment BD1,100 cash for expenses.

July 24: Withdrew BD720 cash for personal use.

2- OE = 50,000 + 13,000 - 1,100 - 720 = BD61,180





**Exercise (2-4):**

Classify each of the following accounts Using (C.A) for Current Assets, (F.A) for Fixed Assets, (C.L) for Current Liabilities, (LTL) for Long Term Liabilities and (O.E) for Owner's Equity.

NO	Accounts	Classification
1	Lands	<b>F.A</b>
2	Premises	<b>F.A</b>
3	Bonds Payable	<b>LTL</b>
4	Prepaid Rent	<b>C.A</b>
5	Fees Earned	<b>O.E</b>
6	Cash	<b>C.A</b>
7	Capital	<b>O.E</b>
8	Salaries Payable	<b>C.L</b>
9	Inventory	<b>C.A</b>

**Exercise (2-5):**

Complete the following table (using + for Increase, - for Decrease and NE for No Effect).

NO	Transaction	Assets	Liabilities	Owner's Equity
1	Invested cash in the business	+	<b>NE</b>	+
2	Purchased equipment on account	+	+	<b>NE</b>
3	Performed services for cash	+	<b>NE</b>	+
4	Received from account receivable	+/-	<b>NE</b>	<b>NE</b>
5	Paid cash to creditor	-	-	<b>NE</b>



**Exercise (2-6):**

Show the effect of the following transactions on **Cash Account only**. (Using the mark ✓ in the appropriate column.)

NO	Transaction	Increase	Decrease	No Effect
1	Invested lands in the business.			✓
2	Paid for office rent.		✓	
3	Received check from customer.	✓		
4	Purchased supplies on account.			✓
5	Completed services and receiving receipt.	✓		



**Exercise (2-7):**

The following transactions for Abdulla Travelling Agency during December 2020.

Dec, 01: Invested BD39,500 cash in the business.

Dec, 03: Purchased equipment for BD3,500 cash.

Dec, 06: Provided services for BD6,350 to Mohammed on account.

Dec, 09: Paid BD1,200 cash for electricity.

Dec, 13: Hired a secretary for monthly salary of BD410.

Dec, 14: Abdulla withdrew BD2,500 cash for personal use.

Dec, 16: Received full amount due from customer Mohammed.

**Required:**

Complete the following tabular analysis for the previous transactions to show effects on the basic accounting equation.

Date	Assets =			Liabilities + Owner's Equity				
	Cash	Account Receivable	Equipment	Account Payable	Capital	Revenues	Drawings	Expenses
Dec, 01	+39,500				+39,500			
Dec, 03	-3,500		+3,500					
Dec, 06		+6,350				+6,350		
Dec, 09	-1,200							-1,200
Dec, 13	NE							
Dec, 14	-2,500						-2,500	
Dec, 16	+6,350	- 6,350						
<b>Balance</b>	<b>38,650</b>	<b>0</b>	<b>3,500</b>		<b>39,500</b>	<b>6,350</b>	<b>-2,500</b>	<b>-1,200</b>
<b>Total</b>	<b>42,150</b>			<b>42,150</b>				



**Exercise (2-8):**

The following transactions for Rehab Est., during January 2020.

Jan, 01: Invested BD51,000 cash and machines for BD19,000 in business.

Jan, 02: Purchased supplies for BD2,900 from Mega Est. paid BD900 cash and balance on credit.

Jan, 07: Paid 60% to creditor Mega Est.

Jan, 11: Completed services for BD17,850 to customer Aysha, received BD7,850 cash and balance on credit.

Jan, 15: Paid monthly salaries BD3,600.

Jan, 17: Received BD5,000 from customer Aysha.

Jan, 19: Rehab withdrew BD800 cash for personal use.

**Required:**

**Complete the following tabular analysis for the previous. transactions to show effects on the basic accounting equation.**

Date	Assets				=	Liabilities		+ Owner's Equity	
	Cash	Account Receivable	Machine	Supplies	Account Payable	Capital	Revenues	Drawings	Expenses
Jan, 01	+51,000		+19,000			+70,000			
Jan, 02	-900			+2900	+2,000				
Jan, 07	-1,200				-1,200				
Jan, 11	+7,850	+10,000					+17,850		
Jan, 15	-3,600								-3,600
Jan, 17	+5000	-5,000							
Jan, 19	- 800							-800	
<b>Balance</b>	<b>57,350</b>	<b>5,000</b>	<b>19,000</b>	<b>2,900</b>	<b>800</b>	<b>70,000</b>	<b>17,850</b>	<b>-800</b>	<b>-3,600</b>
<b>Total</b>	<b>84,250</b>					<b>84,250</b>			



## Chapter 3: Analysis and journalizing Transactions – part 1

➤ The teacher should clarify that preparing the daily entries is the most important step on which the accuracy and validity of the following accounting operations is based journal entries.

### Lesson Notes

#### The Focus

#### Before the Lesson:

Using the basic accounting equation to explain the double entry system.

#### The Lesson:

- 1- Explain what a journal is and how it helps in the recording process.
- 2- Explain the normal balance of accounts debit or credit and effects by increase or decrease.

#### After the Lesson:

Using double entry system to determine the normal balance of accounts debit or credit.

The terms debit and credit are directional signals: **Debit** indicates **left**, and **Credit** indicates **right**. They indicate which side of a T account a number will be recorded on. Entering an amount on the left side of an account is called debiting the account; making an entry on the right side is crediting the account.

#### Double Entry System

The double entry system for determining the equality of the accounting equation is much more efficient than the plus/minus procedure used in chapter 2.

In the double entry system, the dual (two-side) effect of each transaction is recorded in appropriate accounts. This system provides a logical method for recording transactions. It also helps the accuracy of the recorded amounts. The sum of all the debits to the accounts must equal the sum of all the credits.

Assets		=		Liabilities		+		Owner, Capital		-		Owner, Withdrawals		+		Revenues		-		Expenses	
Dr. for increases	Cr. for decreases			Dr. for decreases	Cr. for increases			Dr. for decreases	Cr. for increases			Dr. for increases	Cr. for decreases			Dr. for decreases	Cr. for increases			Dr. for increases	Cr. for decreases
+	-			-	+			-	+			+	-			-	+			+	-
Normal					Normal			Normal				Normal				Normal				Normal	

### The Effects of increasing and decreasing on normal balance of accounts:

- Assets.
- Liabilities.
- Capital.
- Revenues.
- Expenses.
- Drawings



Explain what a journal is and how it helps the recording process.

The **Journal** is referred to as the book of original entry. For each transaction, the journal shows the debit and credit effects on specific accounts.

Companies may use various kinds of journals, but every company has the most basic form of a **general journal**.

**Journalizing**

Entering transaction data in the journal. Companies make separate journal entries for each transaction. A complete entry consists of:

1. The date of the transaction.
2. The accounts and amount to be debited and credited.
3. A brief explanation of the transaction.

Date	Account Title and Explanation	PR	Debit	Credit

**Study Instructions:**  
Explain the effects increase or decrease on the normal balance of account.

**2- Teaching Reinforcement Question:**

Ask the students to read pages 53, 54, 55 and 56 (Text Book.)

Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/CH3-Analyzing-and-Journalizing-transaction---p1/CH3-Analyzing-and-Journalizing-transaction---p1.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/CH3-Analyzing-and-Journalizing-transaction---p1/CH3-Analyzing-and-Journalizing-transaction---p1.pptx)



**Teaching with technology**

Ask the student to use the link and QR for revision.

**Chapter Resources**

Resource	Below Average	In Average	Over Average
<b>Teacher's Guide</b>	Page 69 (3-1)	Page 69 (3-2)	Page 69 (3-3)
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**

Ask the students to solve exercises pages 69 (3-2) – (3-3) from textbook.



## Chapter 3: Analysis and journalizing Transactions – part 2

Explain recording the following transactions:

- a) Investment of assets.
- b) Purchases Assets.
- c) Payment to creditor.

**Lesson Notes**

**a- Investment of Assets**

**b- Purchases of Assets**

**Illustration 3-2:**

On April, 1 2020, Osama Company invested BD40,000 cash and supplies for BD6,000 in the business. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 1	Cash		40,000	
	Supplies		6,000	
	Capital			46,000
	Owner's investment of cash and supplies in business.			

**Illustration 3-4:**

On April, 9 2020, Osama Company purchased furniture for BD2,600 on credit from Ahmed Est. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 9	Furniture		2,600	
	Account Payable - Ahmed			2,600
	Purchased equipment for business on credit.			

**Illustration 3-6:**

On April, 15 2020, Osama Company paid BD1,800 cash to creditor Fahad Est. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 15	Account Payable - Fahad		1,800	
	Cash			1,800
	Paid cash to creditor Fahad.			

**1- The Focus**

**Learning objective:**

Using the double entry system to recording transaction in the general journal.

**Tools**

**Requirement;**

- 1- Textbook.
- 2- Notebook
- 3- Calculator

**Teaching**

**Instructions:**

The student should be reviewed basic accounting equation and double entry system.

**2- Teaching Reinforcement**

**Question:**

Ask the students to read pages 57, 58 and 59 (Text Book)



b) Purchases Assets on credit

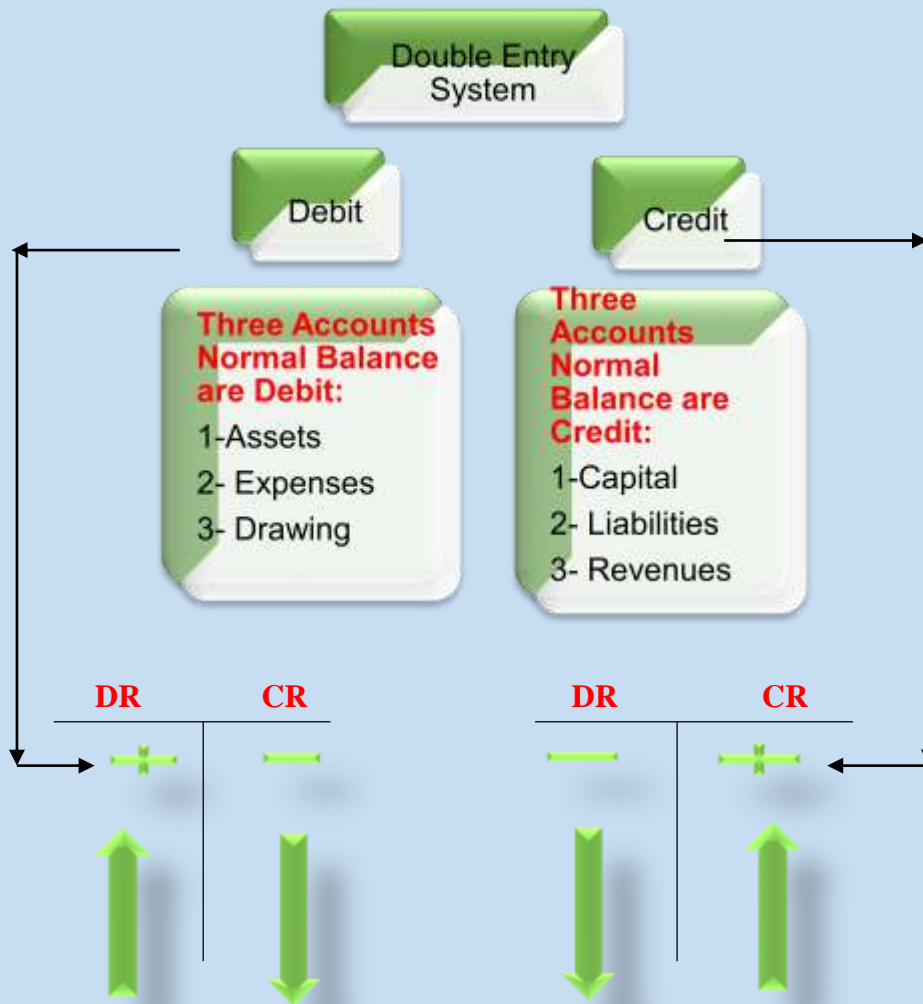
c- Payment to Creditor

**Illustration 3-3:**

On April, 5 2020, Osama Company purchased equipment for BD900 cash. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 5	Equipment		900	
	Cash			900
	Purchased equipment for business cash.			



**2- Teaching Instructions:**

\* Divide the students into groups of three or four of varying abilities, then ask them to solve class activity 1 page 59 during the period.

\* Explain to students illustrations (3-1) & (3-6) Pages 57-59 from textbook.

**Studying Instructions**

Ask the student to understand double entry system.





b) Purchases Assets on credit      c- Payment to Creditor

**Class Activity 1 :**

- May 1: Invested cash BD21,500 in the business.
- May 4: Purchased trucks BD14,900 for cash.
- May 6: Purchased furniture BD2,600 on account from Asia Company.
- May 8: Paid half amount due to Asia Company.

**Required:**

Prepare journal entries for the previous transactions



**Teaching with technology**  
Ask the student to use the link and QR for revision.

➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/4-CH3-Analyzing-and-Journalizing-transaction---p-3/4-CH3-Analyzing-and-Journalizing-transaction---p-3.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/4-CH3-Analyzing-and-Journalizing-transaction---p-3/4-CH3-Analyzing-and-Journalizing-transaction---p-3.pptx)



**Formative assessment:**  
1- Ask the student to solve class activity 1 page 59 during the period by using problem solving strategy.  
  
2- Ask the students to solve exercises (3-5) pages 71 (trans# 1, 3, 9,10) from text book.

Chapter Resources			
Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 70	Page 71	Page 71
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook



## Chapter 3: Analysis and journalizing Transactions – part 3

Explain recording the following transactions:

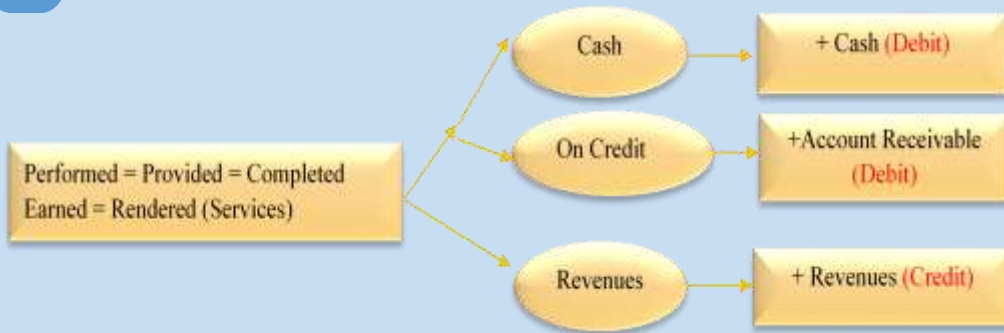
D) Performing Services.

E) Receiving from Debtors.

From illustration (3-7) to (3-10) pages (60-61)

E- Performing Services

F- Receiving from Debtors.



### Illustration 3-7

On April, 16 2020, Osama Company performed services to customer for BD12,250 cash. It was recorded in the general journal:

#### GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 16	Cash		12,250	
	Service Revenues			12,250
	Performing services to customer cash.			

### Illustration 3-8

On April, 19 2020, Osama Company provided services to customer Basem for BD8,500 on account. It was recorded in the general journal:

#### GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 19	Account Receivable -Basem		8,500	
	Service Revenues			8,500
	Performing services to customer on credit.			

### Lesson Notes

#### 1- The Focus

#### Learning objective:

Recording transactions for performing services and received from debtors in the general journal.

#### Tools Requirement;

- 1- Textbook.
- 2- Notebook
- 3- Calculator

#### Teaching Instructions:

Using double entry system to record in the general journal.

#### 2- Teaching Instructions

Ask the students to read pages 60, 61 and 62 (Text Book)



**b- Investment of Assets**

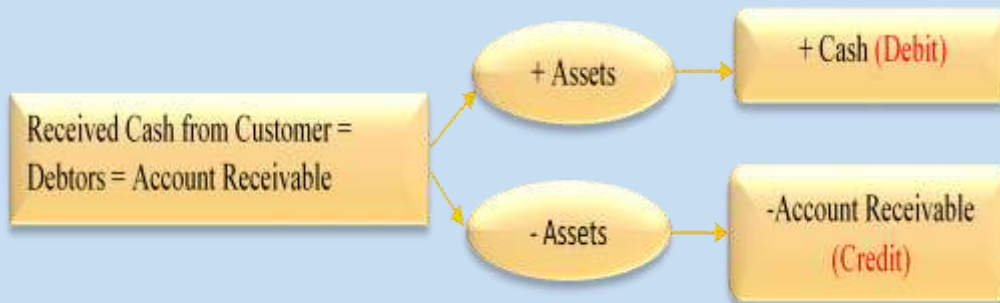
**b- Purchases of Assets**

**Illustration 3-9:**

On April, 20 2020, Osama Company provided services to customer Amaar for BD6,800, received BD2,800 cash and balance on account. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 20	Cash		2,800	
	Account Receivable -Amaar		4,000	
	Service Revenues			6,800
	Performing services to customer. received part cash and balance on credit.			



**Illustration 3-10:**

On April.23 2020, Osama Company received BD1,500 cash from customer Amaar. It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 23	Cash		1,500	
	Account Receivable - Amaar			1,500
	Receiving cash from debtors.			

**3- Teaching Instructions:**

Divide the students into groups of three or four of varying abilities, then ask them to solve exercise (3-5 &3-6) Page 71 during the period by using cooperative education strategy.

**Studying Instructions**

Ask the student to review double entry system and normal balance of accounts.



➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/4-CH3-Analyzing-and-Journalizing-transaction---p-3/4-CH3-Analyzing-and-Journalizing-transaction---p-3.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/4-CH3-Analyzing-and-Journalizing-transaction---p-3/4-CH3-Analyzing-and-Journalizing-transaction---p-3.pptx)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

**Formative assessment:**  
2- Ask the students to solve exercises (3-5)&(3-6) pages 71 (trans# 1, 3, 9,10) & (trans#3, 4, 6) from text book.

<b>Chapter Resources</b>			
<b>Resource</b>	<b>Below Average</b>	<b>In Average</b>	<b>Over Average</b>
<b>Teacher's Guide</b>	Page 71	Page 72	Page72
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook



## Chapter 3: Analysis and journalizing Transactions – part 4

Explain recording the following transactions in the general journal:

- F) Incurred Expenses.
  - G) Prepaid expenses.
  - H) Receiving Revenues in Advance.
  - I) Drawings.
- From illustration (3-11) to (3-15) pages (62-64)

### Lesson Notes

#### 1-The Focus

##### Learning objective:

Recording transactions for performing services and received from debtors in the general journal.

##### Tools

##### Requirement;

- 1- Textbook.
- 2- Notebook
- 3- Calculator

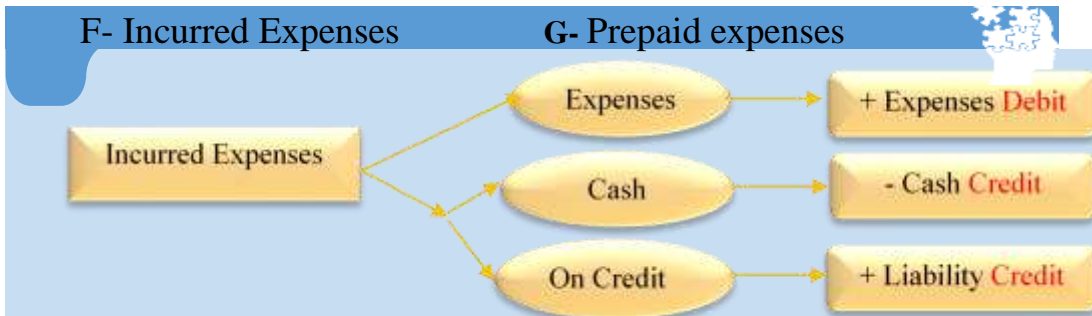
##### Teaching

##### Instructions:

Using double entry system to record in the general journal.

#### 2- Studying Instructions

Ask the students to read pages 62, 63 and 64 and Example page 66 (Text Book)



#### Illustration 3-11:

On April, 24 2016, Osama Company paid BD1,200 cash for salaries expenses. It was recorded in the general journal:

#### GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 24	Salaries Expenses		1,200	
	Cash			1,200
	Paid cash for salaries expenses.			

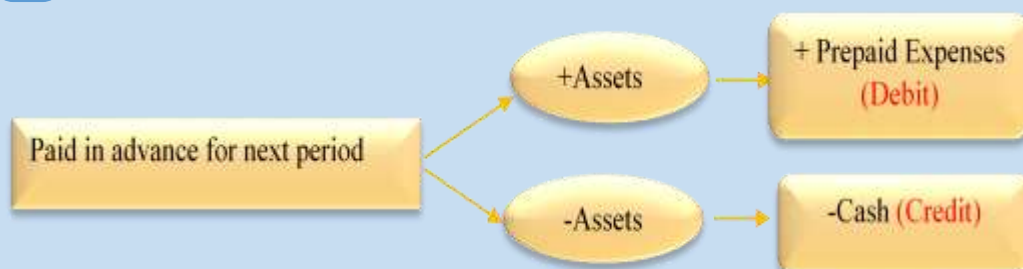
#### Illustration 3-12:

On April, 25 2020, Osama Company incurred advertising expenses for BD730 on account. It was recorded in the general journal:

#### GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 25	Advertising Expenses		730	
	Account Payable			730
	Incurred advertising expenses on credit.			





### 3- Teaching Instructions.

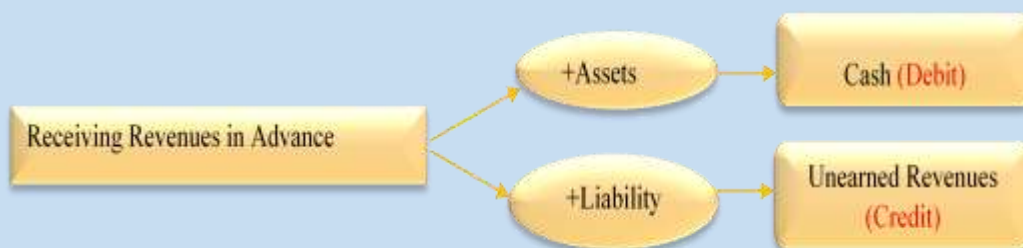
Divide the students into groups of three or four of varying abilities, then ask them to solve class activity 2 Page 64 during the period by using cooperative education strategy.

#### Illustration 3-13:

On April, 27 2020, Osama Company paid BD2,700 cash for a two years' insurance policy on machines. It was recorded in the general journal

#### **GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 27	Prepaid Insurance		2,700	
	Cash			2,700
	<b>Paid cash in advance for insurance.</b>			



#### Illustration 3-14:

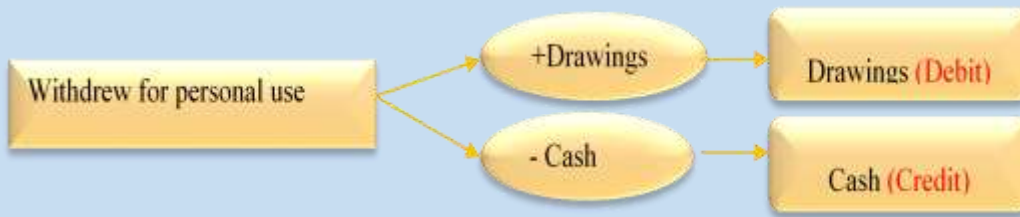
On April, 29 2020, Osama Company received BD5,200 cash advance for services for the next three months. It was recorded in the general journal:

#### **GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 29	Cash		5,200	
	Unearned Service Revenues			5,200
	<b>Receive services revenues in advance.</b>			



I- Drawings



**Illustration 3-15:**

On April.30 2020, Osama withdrew BD600 cash for personal use (private use). It was recorded in the general journal:

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 30	Drawings		600	
	Cash			600
	<i>Withdrew cash for personal use.</i>			

**Class Activity 2**

The following transactions during July 2020 for Mona Company.

- July 1 : Invested cash BD16,000 and supplies BD4,000 in the business.
- July 3 : Purchased Supplies BD1,800 on credit.
- July 5 : Performed services BD8,200 to customer Salman on account.
- July 7 : Received 20% from customer Salman.
- July 8 : Withdrew BD900 cash for personal use.
- July 9 : Paid repair expenses BD400 for cash.
- July 11: Paid rent BD1,500 for next 3 months.
- July 15: Received BD3,600 in advance for services performing in Aug.

**Required:**

Prepare journal entries for the previous transactions.

**3- Teaching Instructions.**

Explain to students illustrations (3-11) & (3-15)

By using E-learning strategy. teacher can use the following link and QR code to inter power point.





➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/5-CH3--Analyzing-and-Journalizing-transaction--p-4/5-CH3--Analyzing-and-Journalizing-transaction--p-4.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/5-CH3--Analyzing-and-Journalizing-transaction--p-4/5-CH3--Analyzing-and-Journalizing-transaction--p-4.pptx)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

<b>Chapter Resources</b>			
<b>Resource</b>	<b>Below Average</b>	<b>In Average</b>	<b>Over Average</b>
<b>Teacher's Guide</b>	Page 71	Page 73	Page73
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
  
2- Ask the students to solve exercises (3-7) &(3-8) pages 72&73 (from text book).

**Final Assessment**  
Dear teacher, you have a model answer to chapter 3 exercises of the textbook.





# CHAPTER 3

## Analyzing and Journalizing Transactions



# *Textbook Exercises*



**Exercises****Exercise (3-1):**

Identify the normal balance (debit or credit) for each of the following accounts.

NO.	Account title	Normal balance
1	Account Receivable	Debit
2	Notes Payable	Credit
3	Fees Income	Credit
4	Unearned Revenues	Credit
5	Salaries Expenses	Debit
6	Trucks	Debit
7	Prepaid Rent	Debit
8	Capital	Credit
9	Premises	Debit
10	Wages Payable	Credit
11	Drawings	Debit
12	Equipment	Debit

**Exercise (3-2):**

Indicate whether a debit or credit will decrease the normal balance of the following accounts. (Using ✓ in the appropriate column.)

No.	Account title	Increase in	
		DR	CR
1	Supplies	✓	
2	Lands	✓	
3	Fees Earned		✓
4	Cash	✓	
5	Building	✓	
6	Service Revenues		✓
7	Prepaid Insurance	✓	
8	Capital		✓
9	Motor Van	✓	
10	Interest Payable		✓
11	Drawings	✓	
12	Notes Receivable	✓	



**Exercise (3-3):**

Identify whether a debit or credit yields the Indicated change for each of the following accounts.

No.	Accounts	Answer
1	To increase furniture	Debit
2	To increase account payable	Credit
3	To increase capital	Credit
4	To increase Drawings	Debit
5	To increase building	Debit
6	To decrease machines	Credit
7	To decrease loans	Debit
8	To decrease cash	Credit
9	To decrease notes receivable	Credit
10	To Increase revenues	Credit



**Exercise (3-4):**

Selected transactions for Essa Company in his first month of business are as follows.

- Jan, 1 Invested BD40,000 cash in the business.
- Jan, 3 Purchased furniture on credit for BD3,500.
- Jan, 5 Billed customers BD6,200 for services performed.
- Jan, 8 Paid BD1,500 cash to creditor purchased on Jan. 3.
- Jan, 10 Paid BD800 cash for repair expenses.
- Jan, 12 Received BD2,200 cash from customers billed on Jan. 5.
- Jan, 15 Essa withdrew BD1,600 cash for personal use by owner.

**Required:**

For each transactions, indicate the following.

- (a) The basic type of account debited and credited (Assets, Liability, Owner's Equity).
- (b) The specific account debited and credited (Cash, Capital, Repair Expenses, Services Revenues, etc.).
- (c) Whether the specific account is increased or decreased.
- (d) The normal balance of the specific account.

Use the following format, in which the January 1 transaction is given as an example.

Date	Account Debited				Account Credited			
	Basic Type. (a)	Specific Account (b)	Effect (c)	Normal Balance (d)	Basic Type. (a)	Specific Account (b)	Effect (c)	Normal Balance (d)
Jan, 1	Assets	Cash	Increase	Debit	Owner's Equity	Owner's Capital	Increase	Credit
Jan, 3	Assets	Furniture	Increase	Debit	Liability	Account Payable	Increase	Credit
Jan, 5	Assets	Account Receivable	Increase	Debit	Owner's Equity	Service Revenue	Increase	Credit
Jan, 8	Liability	Account Payable	Decrease	Credit	Assets	Cash	Decrease	Debit
Jan, 10	Owner's Equity	Repair Expense	Increase	Debit	Assets	Cash	Decrease	Debit
Jan, 12	Assets	Cash	Increase	Debit	Assets	Account Receivable	Decrease	Debit
Jan, 15	Owner's Equity	Drawings	Increase	Debit	Assets	Cash	Decrease	Debit



**Exercise (3-5):**

Hamad started his business on May 1, 2020. The following selected events and transactions occurred during May.

May 1: Invested BD35,000 cash and BD5000 on equipment in the business.

May 3: Purchased building BD64,000 from Salman. Paid cash BD34,000 and balance on credit.

May 6: Ordered supplies BD2,000 from Ebrahim.

May 8: Completed services to customer for BD4,800 cash.

May 9: Incurred advertising expenses BD1,100 on account.

May 10: Paid the amount due to creditor Salman.

May 15: Paid salaries BD1,400 for cash.

May 18: Withdrew cash BD2,300 for private use.

**Required:**

Journalize the May transactions.

**Answer (3-5):****GENERAL JOURNA**

Date	Account Title and Explanation	PR	Debit	Credit
May 1	Cash		35,000	
	Equipment		5,000	
	Capital			40,000
May 3	Building		64,000	
	Cash			34,000
	Account Payable (Salman)			30,000



**Answer (3-5):****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
May 6	No Entry			
May 8	Cash		4,800	
	Services Revenues			4,800
May 9	Advertising Expenses		1,100	
	Account Payable			1,100
May 10	Account Payable (Salman)		30,000	
	Cash			30,000
May 15	Salaries Expenses		1,400	
	Cash			1,400
May 18	Drawings		2,300	
	Cash			2,300



**Exercise (3-6):**

The following transactions were completed during the month of April 2020 for Amina Est.:

April 1: Amina invested cash BD31,000 in the business.

April 5: Purchased furniture BD1,050 for cash.

April 7: Performed service to Rana BD5,400 on account.

April 9: Paid BD940 for advertising expense.

April 11: Purchased supplies on account for BD650.

April 13: Received BD100 from Rana for the service performed

On April 7.

April 16 Found that BD400 of supplies has been used.

**Required:**

Prepare the Journal Entries.

**Answer 3-6:****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April 1	Cash		31,000	
	Capital			31,000
April 5	Furniture		1,050	
	Cash			1,050





**Answer 3-6:****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April 7	Account Receivable (Rana)		5,400	
	Services Revenues			5,400
April 9	Advertising Expenses		940	
	Cash			940
April 11	Supplies		650	
	Account Payable			650
April 13	Cash		100	
	Account Receivable (Rana)			100
April 16	Supplies Expenses		400	
	Supplies			400



**Exercises 3-7:**

Complete the following journal entries of Hady Company for the month of March 2020. (Using the explanation)

Date	Account Title and Explanation	PR	Debit	Credit
March 1	Cash		25,000	
	Capital			25,000
	Invested Cash BD25,000 in the Business.			
March 4	Rent Expenses		3,120	
	Cash			3,120
	Paid Cash BD3,120 for office rent.			
March 8	Equipment		3,600	
	Account Payable			3,600
	Purchased equipment on credit.			
March 13	Account Receivable		9,550	
	Services Revenues			9,550
	Completed services BD9,550 to customer on account.			
March 17	Account Payable		1,800	
	Cash			1,800
	Paid cash BD1,800 to creditor.			



**Exercises 3-8:**

An inexperienced bookkeeper made the following entries during the month of July 2020; you are required to **correct the wrong entry**. In each entry, the **explanation is correct**.

Date	Account Title and Explanation	PR	Debit	Credit
July 9	Service Revenues		8,240	
	Account Receivable			8,240
	Performed services BD8,240 to customer on credit.			
July 10	Supplies		1,650	
	Cash			1,650
	Purchased supplies BD1,560 for cash.			
July 12	Cash		2,500	
	Account Payable			2,500
	Paid cash BD2,500 to creditor.			
July 15	Capital		7,100	
	Cash			7,100
	Withdrew cash BD1,700 for personal.			
July 19	Account Receivable		18,000	
	Cash			18,000
	Received cash BD18,000 from account receivable.			



**Answer (3-8):****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
July 9	Account Receivable		8,240	
	Service Revenues			8,240
July 10	Supplies		1,650	
	Cash			1,650
July 12	Account Payable		2,500	
	Cash			2,500
July 18	Drawings		1,700	
	Cash			1,700
July 19	Cash		18,000	
	Account Receivable			18,000



## Chapter 4: Posting journal Entries and Preparing Trail

### Balance. Part 1

- The teacher should clarify that posting transactions to T. account or general ledger is second step in accounting after preparing journal entries.
- Aim of posting journal entries to T. account or general Ledger to find the balances of accounts after that posting to prepare trail balance.

#### Lesson Notes

#### 1- The Focus

##### Before the Lesson:

Review about preparing journal entries.

##### The Lesson:

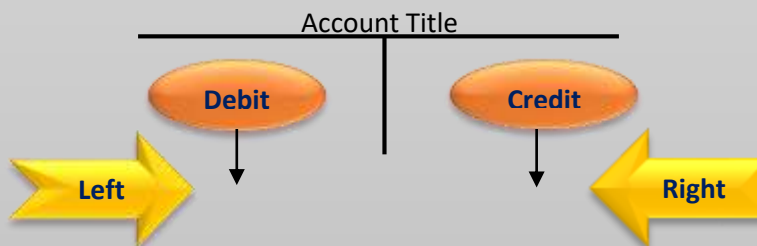
1- Explain what a ledger is and how it helps in the recording process.

2- Explain the difference between posting on T- account and general ledger.

##### After the Lesson:

Using the balances to prepare trail balance.

### The T – Account



#### Four Parts:

- 1) The title of the account.
- 2) A left or debit side.
- 3) A right or credit side.
- 4) Debit or Credit balance.



#### 2- Teaching Reinforcement Question:

##### Question:

Ask the students to read pages (76-82) from text book.

#### 3- Formative Assessment.

Ask the student to solve class activity 1 (page 83) During the period by using peer evaluation strategy.

Beginning. Balance		
Increases in Account	Decreases in Account	
Ending Balance		

		Beginning. Balance
Decreases in Account	Increases in Account	
		Ending Balance



- ❖ The teacher explains to the student that the account balance at The end of the period is the same as the normal balance of the accounts.

Posting accounts from general journal to T. account and ledger account.

**Illustration 4-1:**

On April, 1 2020, Osama Company invested BD75,000 cash in the business. It was recorded in the general journal:

**1. GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 1	Cash		75,000	
	Capital			75,000
	<i>Owner's investment of cash in business</i>			

**2. Posting to T-Account**

<p>Cash A/C</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Apr,1</td> <td style="width: 20%;">75,000</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>	Apr,1	75,000					<p>Capital A/C</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;">Apr,1</td> <td style="width: 10%;">75,000</td> <td style="width: 10%;"></td> </tr> </table>				Apr,1	75,000	
Apr,1	75,000												
			Apr,1	75,000									

**3. Posting to General Ledger**

Date	Expl.	Ref	Dr	Cr	Bal.	Date	Expl.	Ref	Dr	Cr	Blc.
Apr,1			75,000		75,000	Apr,1				75,000	75,000

**Illustration 4-3:**

On April, 5 2020, Osama Company purchased equipment for BD900 cash. It was recorded in the general journal:

**1. GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
April, 5	Equipment		900	
	Cash			900
	<i>Purchased equipment for business cash</i>			

**2. Posting to T-Account**

<p>Cash A/c</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Apr,1</td> <td style="width: 20%;">75,000</td> <td style="width: 10%;"></td> <td style="width: 10%;">Apr,5</td> <td style="width: 10%;">900</td> <td style="width: 10%;"></td> </tr> <tr> <td>Apr,2</td> <td>40,000</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Apr,1	75,000		Apr,5	900		Apr,2	40,000					<p>Equipment A/C</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;">Apr,5</td> <td style="width: 10%;">900</td> <td style="width: 10%;"></td> </tr> </table>				Apr,5	900	
Apr,1	75,000		Apr,5	900															
Apr,2	40,000																		
			Apr,5	900															

**Study Instructions:**  
 \* Ask the student to review the normal balance of accounts assets, liabilities, capital, revenues, expenses and drawing.

**2- Teaching Instruction**

\* Explain to students, how to posting transactions from general journal to T. account and ledger.

\* Explain to students, the ending balance of accounts is the same normal balances of accounts.



Posting accounts from general journal to T. account and ledger account.

### 3. Posting to General Ledger

Cash A/C

Equipment

Date	Expl.	Ref	Dr.	Cr.	Bal.	Date	Expl.	Ref	Dr.	Cr.	Bal.
Apr,1			75,000		75,000	Apr,5			900		900
Apr,2			40,000		115,000						
Apr,5				900	114,100						

➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Posting-to-T-Accounts/Posting-to-T-Accounts.zip](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Posting-to-T-Accounts/Posting-to-T-Accounts.zip)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

### Chapter Resources

Resource	Below Average	In Average	Over Average
<b>Teacher's Guide</b>	Page 99 (4-1) Req. 1&2	Page 99 (4-2) Req. 1&2	Page 99 (4-3) Req. 1&2
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

### Formative assessment:

Ask the students to solve exercises pages 99 (4-3) &(4-2) Req. 1 and 2 from textbook.



## Chapter 4: Posting journal Entries and Preparing Trail Balance. Part 2

Explain effects of the following transactions on the balances of accounts.

- a) Performing Services.
- b) Receiving from debtors.
- c) Payment expenses.
- d) Drawing.

From illustration (4-7) to (4-15) pages (83-92)

### Lesson Notes

#### 1- The Focus

#### **Learning objective:**

Using the double entry system to posting journal entries to general ledger.

#### **Tools Requirement;**

- 1- Textbook.
- 2- Notebook
- 3- Calculator

#### **Teaching Instructions:**

The student should be reviewed double entry system to know posting from general journal to ledger account.

#### 2- Teaching Reinforcement

#### Question:

Ask the students to read pages from 85 to 92 (Text Book)

Posting accounts from general journal to T. account and ledger account.

#### Illustration 4-10:

On April, 23 2020, Osama Company received BD1,500 cash from customer Amaar. It was recorded in the general journal:

#### 1. GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 23	Cash		1,500	
	Account Receivable - Amaar			1,500
	<b>Receiving cash from debtors.</b>			

#### 2. Posting to T-Account

#### Cash A/C

<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">Apr,1</td><td style="width: 40%;">75,000</td></tr> <tr><td>Apr,2</td><td>40,000</td></tr> <tr><td>Apr,16</td><td>12,250</td></tr> <tr><td>Apr,20</td><td>2,800</td></tr> <tr><td>Apr,23</td><td>1,500</td></tr> </table>	Apr,1	75,000	Apr,2	40,000	Apr,16	12,250	Apr,20	2,800	Apr,23	1,500	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">Apr,5</td><td style="width: 40%;">900</td></tr> <tr><td>Apr,12</td><td>3,000</td></tr> <tr><td>Apr,15</td><td>1,800</td></tr> </table>	Apr,5	900	Apr,12	3,000	Apr,15	1,800
Apr,1	75,000																
Apr,2	40,000																
Apr,16	12,250																
Apr,20	2,800																
Apr,23	1,500																
Apr,5	900																
Apr,12	3,000																
Apr,15	1,800																

#### Account Receivable

<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">Apr,19</td><td style="width: 40%;">8,500</td></tr> <tr><td>Apr,20</td><td>4,000</td></tr> <tr><td></td><td style="border-top: 1px solid black;">12,500</td></tr> <tr><td style="color: purple;">Apr,30 b/d</td><td style="color: purple;">11,000</td></tr> </table>	Apr,19	8,500	Apr,20	4,000		12,500	Apr,30 b/d	11,000	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">Apr,23</td><td style="width: 40%;">1,500</td></tr> <tr><td></td><td style="border-top: 1px solid black;">1,500</td></tr> </table>	Apr,23	1,500		1,500
Apr,19	8,500												
Apr,20	4,000												
	12,500												
Apr,30 b/d	11,000												
Apr,23	1,500												
	1,500												





Posting accounts from general journal to T. account and ledger account.



### 3. Posting to General Ledger

Cash A/C

Account Receivable

Date	Expl.	Ref	Dr.	Cr.	Bal.	Date	Expl.	Ref	Dr.	Cr.	Bal.
Apr,1			75,000		75,000	Apr,19			8,500		8,500
Apr,2			40,000		115,000	Apr,20			4,000		12,500
Apr,5				900	114,100	<b>Apr,23</b>				<b>1,500</b>	<b>11,000</b>
Apr,12				3,000	111,100						
Apr,15				1,800	109,300						
Apr,16			12,250		121,550						
Apr,20			2,800		124,350						
Apr,23			1,500		125,850						

G- Prepaid Expenses

H- Receiving Revenues in Advance



#### Illustration 4-15:

On April, 30 2020, Osama withdrew BD600 cash for personal use (private use). It was recorded in the general journal

#### 1- GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
April, 30	Drawings		600	
	Cash			600
	Withdrew BD600 cash for personal use by owner.			

#### 2. Posting to T-Account

Cash A/C

Drawings

Apr,1	75,000	Apr,5	900
Apr,2	40,000	Apr,12	3,000
Apr,16	12,250	Apr,15	1,800
Apr,20	2,800	Apr,24	1,200
Apr,23	1,500	Apr,27	2,700
Apr,29	5,200	Apr,30	600
	<u>136,750</u>		<u>10,200</u>
<b>Apr 30 b/d</b>	<b>126,550</b>		

Apr,30	600
	<u>600</u>
<b>Apr,30 b/d</b>	<b>600</b>

#### 3- Teaching Instructions:

\*Ask the students to read pages from 85 to 92 (Text Book).

\* Explain the illustrations form power point by using the following

#### Teaching Instructions:

Ask the student solve activity 2 during the period by using brainstorming strategy.



Date	Expl.	Ref	Dr.	Cr.	Bal.
Apr,1			75,000		75,000
Apr,2			40,000		115,000
Apr,5				900	114,100
Apr,12				3,000	111,100
Apr,15				1,800	109,300
Apr,16			12,250		121,550
Apr,20			2,800		124,350
Apr,23			1,500		125,850
Apr,23				1,200	124,650
Apr,27				2,700	121,950
Apr,29			5,200		127,150
<b>Apr,30</b>				<b>600</b>	<b>126,550</b>

Date	Expl.	Ref	Dr.	Cr.	Bal.
<b>Apr,30</b>			<b>600</b>		<b>600</b>

**Teaching with technology**  
 Ask the student to use the link and QR for revision.

Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Posting-to-the-ledger-accounts/Posting-to-the-ledger-accounts.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Posting-to-the-ledger-accounts/Posting-to-the-ledger-accounts.pptx)



**Formative assessment:**  
 1- Ask the student to solve class activity 2 page 92 during the period by using problem solving strategy.  
 2- Ask the students to solve exercises (4-3) pages 101 from text book.

Chapter Resources			
Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 100	Page 100	Page 101
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook



## Chapter 4: Posting journal Entries and Preparing Trail Balance. Part 3

**Lesson Notes**

Explain the important three steps in accounting:

- a) Preparing journal entries.
- b) Posting to ledger.
- c) Preparing trial balance

From Example (4-1) pages (95-98)

**1- The Focus**

**Learning objective:**

Recording transactions for performing services and received from debtors in the general journal.

**Tools Requirement;**

- 1- Textbook.
- 2- Notebook
- 3- Calculator

**Teaching Instructions:**

Using double entry system to record in the general journal

**Example 4-1:**

The following transactions occurred during January 2020 for Abdulla Est.

- Jan, 1: Invested cash BD24,000 in the business.
- Jan, 3: Purchased trucks BD9,200 cash.
- Jan, 5: Purchased supplies for BD3,600 from Mega Est, paid BD1,600 cash and balance on credit.
- Jan, 6: Completed services to customer for BD11,500 cash.
- Jan, 8: Provided services to customer Mona for BD6,100 on account.
- Jan, 9: Paid 20% cash of balance due to creditor Mega Est.
- Jan,10: Received full amount due from customer Mona.
- Jan,12: Paid for rent office BD900 cash.
- Jan,15: Abdulla withdrew BD2,400 cash for personal use.
- Jan,19: Hired a new employee for a monthly salary of BD820.

**Required:**

1. Journalize January transactions.
2. Post to general ledger account.
3. Prepare a trail balance on January 31 2020

Date	Account Title and Explanation	PR	Debit	Credit
Jan, 1	Cash		24,000	
	Capital			24,000
Jan, 3	Trucks		9,200	
	Cash			9,200
Jan, 5	Supplies		3,600	
	Cash			1,600
	Account Payable - Mega			2,000

**2- Teaching Instructions**

Ask the students to read pages 60, 61 and 62 (Text Book)





**3- Teaching Instructions:**

Divide the students into groups of three or four of varying abilities, then ask them to solve exercise (3-5 & 3-6) Page 71 during the period by using cooperative education strategy

Date	Account Title and Explanation	PR	Debit	Credit
Jan, 6	Cash		11,500	
	Service Revenues			11,500
Jan, 8	Account Receivable - Mona		6,100	
	Service Revenues			6,100
Jan, 9	Account Payable - Mega		400	
	Cash (2000×20%)			400
Jan, 10	Cash		6,100	
	Account Receivable - Mona			6,100
Jan, 12	Rent Expenses		900	
	Cash			900
Jan, 15	Drawings		2,400	
	Cash			2,400
Jan, 19	No Entry			

**Cash A/C**

Date	Expl.	Ref	Dr.	Cr.	Bal.
Jan, 1			24,000		24,000
Jan, 3				9,200	14,800
Jan, 5				1,600	13,200
Jan, 6			11,500		24,700
Jan, 9				400	24,300
Jan, 10			6,100		30,400
Jan, 12				900	29,500
Jan, 15				2,400	<b>27,100</b>

**Capital A/C**

Date	Expl.	Ref	Dr.	Cr.	Bal.
Jan, 1					24,000

**Bal. 24,000**

**Trucks A/C**

Date	Explanation	Ref	Debit	Credit	Balance
Jan, 3			9,200		9,200

**Supplies A/C**

Date	Explanation	Ref	Debit	Credit	Balance
Jan, 5			3,600		3,600

**Account Payable – Mega**

Date	Explanation	Ref	Debit	Credit	Balance
Jan, 5				2,000	2,000
Jan, 9			400		1,600

**Services Revenues**

Date	Explanation	Ref	Debit	Credit	Balance
Jan, 6				11,500	11,500
Jan, 8				61,00	17,600

**NOTE:** Leger Accounts for Account Receivable, Rent Expenses and Drawings Account in page 97 of textbook.





### 3. Preparing a Trial Balance

Abdulla Es  
 Trial Balance  
 As at January 31 2020

Account Title	Debit BD	Credit BD
Cash	27,100	
Account Receivable	0	
Supplies	3,600	
Trucks	9,200	
Account Payable		1,600
Capital		24,000
Drawings	2,400	
Services Revenues		17,600
Rent Expenses	900	
<b>Total</b>	<b>43,200</b>	<b>43,200</b>

#### 3- Studying Instructions:

\* Ask the students to arrangement first four steps in accounting cycle.

\* Ask the students to determine the value of repairing trail balance

Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Preparing-a-trail-balance/Preparing-a-trail-balance.zip](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Preparing-a-trail-balance/Preparing-a-trail-balance.zip)



#### Teaching with technology

Ask the student to use the link and QR for revision.

#### Chapter Resources

Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 102	Page 102	Page103
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook

#### Formative assessment:

2- Ask the students to solve exercises (4-4) & (4-6) pages (102 – 103) from text book.



# CHAPTER 4

## Posting Journal Entries And Preparing Trial Balance



2005	2006	2007	2008
2 945	3 119	3 125	
112 676	125 516	133 688	
338	332	340	
6	6	122	4
01	108	283	138
3	244	1 069	241
	1 095	196 861	1 279
	178 549	36 214	221 502
	31 161	27 722	40 503
	21 610		33 98
		72 588	77
		36 120	39
		23 884	2
		1 302	
		637 339	

# *Textbook Exercises*



**Final Assessment**

Dear teacher, you have a model answer to chapter 3 exercises of the textbook.

**Exercises:****Exercise (4-1):**

Sultan's Company was started on May 1 2020. The following selected transactions occurred during May.

May 1 : Invested BD87,000 cash in the business.

May 3 : Purchased building costing BD55,000 from Sami on account.

May 8 : Hired a manger for a monthly salary for BD1,050.

May 10: Performed services to customer BD15,600 cash.

May 12: Paid BD2,400 cash for a two - year insurance policy.

May 15: Paid BD25,000 cash to creditor Sami.

May 18: Sultan withdrew BD1,300 cash for personal use.

May 21: Paid BD1,700 cash for store rent.

May 24: Completed services for BD8,200 to customer Ebrahim on credit

May 28: Received BD 5,200 cash from debtor Ebrahim.

**Required:**

1. Journalize the January transactions.
2. Post to general ledger account.
3. Prepare a trial balance at May 31 2020.

**Solution****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
May 1	Cash		87,000	
	Capital			87,000
May 3	Building		55,000	
	Account Payable (Sami)			55,000





**Solution****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
May 8	No Entry			
May 10	Cash		15,600	
	Services Revenues			15,600
May 12	Prepaid Insurance		2,400	
	Cash			2,400
May 15	Account Payable (Sami)		25,000	
	Cash			25,000
May 18	Drawings		1,300	
	Cash			1,300
May 21	Rent Expenses		1,700	
	Cash			1,700
May 24	Account Receivable (Ebrahim)		8,200	
	Services Revenues			8,200
May 28	Cash		5,200	
	Account Receivable (Ebrahim)			5,200



Account name: Cash

Date	Explanation	Ref	Debit	Credit	Balance
May 1			87,000		87,000
May 10			15,600		102,600
May 12				2,400	100,200
May 15				25,000	75,200
May 18				1,300	73,900
May 21				1,700	72,200
May 28			5,200		77,400

Account name: Capital

Date	Explanation	Ref	Debit	Credit	Balance
May 1				87,000	87,000

Account name: Building

Date	Explanation	Ref	Debit	Credit	Balance
May 3			55,000		55,000

Account name: Account Payable

Date	Explanation	Ref	Debit	Credit	Balance
May 3				55,000	55,000
May 15			25,000		30,000

Account name: Services Revenue

Date	Explanation	Ref	Debit	Credit	Balance
May 10				15,600	15,600
May 24				8,200	23,800

Account name: Prepaid Insurance

Date	Explanation	Ref	Debit	Credit	Balance
May 12			2,400		2,400

Account name: Drawings

Date	Explanation	Ref	Debit	Credit	Balance
May 18			1,300		1,300

Account name: Rent Expenses

Date	Explanation	Ref	Debit	Credit	Balance
May 21			1,700		1,700

Account name: Account Receivable

Date	Explanation	Ref	Debit	Credit	Balance
May 24			8,200		8,200
May 28				5,200	3,000



**Sultan's Company**  
Trial Balance  
At May 31 2020

Account Title	Debit BD	Credit BD
Cash	77,400	
Account Receivable	3,000	
Prepaid Insurance	2,400	
Building	55,000	
Account Payable		30,000
Capital		87,000
Drawings	1,300	
Services Revenue		23,800
Rent Expenses	1,700	
<b>Total</b>	<b>140,800</b>	<b>140,800</b>

**Exercise (4-2):**

The following transactions occurred during June 2020 for Ream Est.

June 1 : Invested BD49,000 cash and BD11,000 for equipment in the business.

June 2 : Purchased equipment for BD4,000 cash.

June 6 : Purchased equipment for BD5,250 from Nora Est., paid cash BD2,250 and balance on credit.

June 9 : Provided services to customer BD16,450 cash.

June 11: Performed services to customer Sara for BD7,500 on account.

June 17: Paid balance due to creditor Nora Est.

June 21: Received BD2,500 from customer Sara.

June 26: Paid BD1,700 cash for electricity.

June 29: Ream withdrew BD2,400 cash for personal use.

**Required:**

1. Journalize the January transactions.
2. Post to ledger account using T- Account.
3. Prepare a trial balance at June 30, 2020.



**Solution****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
June 1	Cash		49,000	
	Equipment		11,000	
	Capital			60,000
June 2	Equipment		4,000	
	Cash			4,000
June 6	Equipment		5,250	
	Cash			2,250
	Account Payable (Nora)			3,000
June 9	Cash		16,450	
	Services Revenue			16,450
June 11	Account Receivable (Sara)		7,500	
	Services Revenue			7,500
June 17	Account Payable (Nora)		3,000	
	Cash			3,000
June 21	Cash		2,500	
	Account Receivable (Sara)			2,500
June 26	Electricity Expenses		1,700	
	Cash			1,700
June 29	Drawings		2,400	
	Cash			2,400



Cash A/C

June,1	49,000	June,2	4,000
June,9	16,450	June,6	2,250
June,21	2,500	June,11	3,000
		June,26	1,700
		June,29	2,400
	67.950		13.350

June,30 b/d 54,600

Capital A/c

		June,1	60,000
--	--	--------	--------

Equipment A/C

June,1	11,000		
June,2	4,000		
June,6	5,250		
	20.250		

June,30 b/d 20,250

Account Payable

June,17	3,000	June,6	3,000
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Services Revenue

	June,9	16,450	
	June,11	7,500	
		23.950	

June,30 b/d 23,950

Account Receivable

June,11	7,500	June,21	2,500
	7.500		2.500

June,30 b/d 5,000

Electricity Expenses

June,26	1,700		
---------	-------	--	--

Drawings

June,29	2,400		
---------	-------	--	--



Ream Est.  
Trial Balance  
As at June 30, 2020.

Account Title	Debit BD	Credit BD
Cash	54,600	
Account Receivable	5,000	
Equipment	20,250	
Capital		60,000
Drawings	2,400	
Services Revenue		23,950
Electricity Expenses	1,700	
<b>Total</b>	<b>83,950</b>	<b>83,950</b>

**Exercise (4-3):**

Selected transactions for the ALAmal Company are presented in journal from below.

## GENERAL JOURNAL

Date	Account Title and Explanation	PR	Debit	Credit
Sept. 1	Cash		90,000	
	Capital			90,000
Sept. 3	Equipment		5,000	
	Account Payable			5,000
Sept. 5	Equipment		8,100	
	Cash			4,100



	Account Payable			4,000
Sept. 6	Cash		22,400	
	Service Revenues			22,400
Sept. 8	Account Receivable		15,000	
	Service Revenues			15,000

**Required:**

1. Post the transactions to T- account
2. Determine each account is ending balance.

<p style="text-align: center;"><b>Cash A/C</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,1      90,000                  Sept,6      22,400    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">112.400</div>                   Sept,30 b/d 108,300             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,5      4,100    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">4.100</div> </td> </tr> </table>	Sept,1      90,000 Sept,6      22,400  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">112.400</div> Sept,30 b/d 108,300	Sept,5      4,100  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">4.100</div>	<p style="text-align: center;"><b>Capital A/C</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,1      90,000             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,1      90,000             </td> </tr> </table>	Sept,1      90,000	Sept,1      90,000
Sept,1      90,000 Sept,6      22,400  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">112.400</div> Sept,30 b/d 108,300	Sept,5      4,100  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">4.100</div>				
Sept,1      90,000	Sept,1      90,000				
<p style="text-align: center;"><b>Equipment A/c</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,3      5,000                  Sept,5      8,100    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">13.100</div>                   Sept,30 b/d 13,100             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,3      5,000                  Sept,5      4,000    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div>                   Sept,30 b/d 9,000             </td> </tr> </table>	Sept,3      5,000 Sept,5      8,100  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">13.100</div> Sept,30 b/d 13,100	Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000	<p style="text-align: center;"><b>Account Payable</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,3      5,000                  Sept,5      4,000    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div>                   Sept,30 b/d 9,000             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,3      5,000                  Sept,5      4,000    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div>                   Sept,30 b/d 9,000             </td> </tr> </table>	Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000	Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000
Sept,3      5,000 Sept,5      8,100  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">13.100</div> Sept,30 b/d 13,100	Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000				
Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000	Sept,3      5,000 Sept,5      4,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">9.000</div> Sept,30 b/d 9,000				
<p style="text-align: center;"><b>Account Receivable</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,8      15,000             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,6      22,400                  Sept,8      15,000    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div>                   Sept,30 b/d 37,400             </td> </tr> </table>	Sept,8      15,000	Sept,6      22,400 Sept,8      15,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div> Sept,30 b/d 37,400	<p style="text-align: center;"><b>Services Revenue</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; border-right: 1px solid black;">                 Sept,8      15,000             </td> <td style="width: 50%; border-left: 1px solid black;">                 Sept,6      22,400                  Sept,8      15,000    <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div>                   Sept,30 b/d 37,400             </td> </tr> </table>	Sept,8      15,000	Sept,6      22,400 Sept,8      15,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div> Sept,30 b/d 37,400
Sept,8      15,000	Sept,6      22,400 Sept,8      15,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div> Sept,30 b/d 37,400				
Sept,8      15,000	Sept,6      22,400 Sept,8      15,000  <div style="border: 1px solid black; width: 60px; margin: 0 auto; text-align: center;">37.400</div> Sept,30 b/d 37,400				



**Exercise (4-4):**

The following trial balance of Mai Company on Dec, 31 2019.

Mai Company  
Trial Balance  
As at December 31 2019

Account Title	Debit BD	Credit BD
Cash	12,500	
Account Receivable	4,500	
Supplies	2,000	
Equipment	7,000	
Account Payable		3,200
Capital		22,000
Drawings	1,000	
Service Revenues		5,800
Salaries Expenses	4,000	
<b>Total</b>	<b>31,000</b>	<b>31,000</b>

Summarized transactions for January 2020 were as follows.

1. Purchased supplies BD500 for cash.
2. Performed services to customer BD4200 on account.
3. Sold equipment BD3000 for cash.
4. Paid salaries BD2500 cash.
5. Received cash BD3500 from account receivable.
6. Withdrew cash BD1200 for personal use.

**Required:**

1. Prepare journal entries for January 2020.
2. Post to general ledger account.
3. Prepare the trial balance as at January 31 2020.





**Solution****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Jan, 1	Supplies		500	
	Cash			500
Jan, 2	Account Receivable		4,200	
	Service Revenues			4,200
Jan, 3	Cash		3,000	
	Equipment			3,000
Jan, 4	Salaries Expenses		2,500	
	Cash			2,500
Jan, 5	Cash		3,500	
	Account Receivable			3,500
Jan, 6	Drawings		1,200	
	Cash			1,200

## Cash A/C

Date	Explanation	Ref	Debit	Credit	Balance
Jan, 1	<b>c/d</b>				12,500
Jan, 1				500	12,000
Jan,3			3,000		15,000
Jan,4				2,500	12,500
Jan,5			3,500		16,000
Jan,6				1,200	14,800



Account Receivable

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				4,500
Jan,2			4,200		8,700
Jan,5				3,500	5,200

Supplies

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				2,000
Jan,1			500		2,500

Equipment

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				7,000
Jan,3				3,000	4,000

Account Payable

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				3,200

Capital A/C

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				22,000

Drawings

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				1,000
Jan,6			1,200		2,200

Services Revenue

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				5,800
Jan,2				4,200	10,000

Salaries Expenses

Date	Explanation	Ref	Debit	Credit	Balance
Jan,1	<b>c/d</b>				4,000
Jan,4			2,500		6,500

Mai Company  
Trial Balance

As at December 31 2019

Account Title	Debit BD	Credit BD
Cash	14,800	
Account Receivable	5,200	
Supplies	2,500	
Equipment	4,000	
Account Payable		3,200
Capital		22,000
Drawings	2,200	
Service Revenues		10,000
Salaries Expenses	6,500	
<b>Total</b>	<b>35,200</b>	<b>35,200</b>



**Exercise (4-5):**

The following balances was extracted from the book of Hana Company on July 31 2020.

Account Title	BD	Account Title	BD
Cash	18,100	Interest Payable	1,650
Account Receivable	2,900	Capital	???
Notes Receivable	6,450	Drawings	2,150
Supplies	3,350	Rent Revenues	1,6350
Lands	42,000	Service Revenues	6,650
Building	86,500	Wages Expenses	3,900
Account Payable	4,050	Repair Expenses	3,400

**Required:**

Prepare a trial balance at July 31 2020 and find the value of capital.

**Solution:**

Hana Company  
Trial Balance  
As at July 31 2020

Account Title	Debit BD	Credit BD
Cash	18,100	
Account Receivable	2,900	
Notes Receivable	6,450	
Supplies	3,350	
Lands	42,000	
Building	86,500	
Account Payable		4,050
Interest Payable		1,650
Capital		140,050
Drawings	2,150	
Rent Revenues		16,350
Service Revenues		6,650
Wages Expenses	3,900	
Repair Expenses	3,400	
<b>Total</b>	<b>168,750</b>	<b>168,750</b>



**Exercise (4-6):**

The following balances was extracted from the book of Raja Company on Dec 31 2020.

Account Title	BD	Account Title	BD
Cash	42,000	Wages Payable	2,800
Account Receivable	17,000	Capital	85,000
Prepaid Rent	3,900	Drawings	3,000
Inventory	11,400	Fees Earned	15,000
Machines	???	Service Revenues	6,000
Trucks	15,800	Advertising Expenses	8,100
Account Payable	3,600	Utilities Expenses	1,900

**Required:**

Prepare a trial balance at Dec 31 2020 and find the value of machines.

Raja Company  
Trial Balance  
As at Dec 31 2020

Account Title	Debit BD	Credit BD
Cash	42,000	
Account Receivable	17,000	
Prepaid Rent	3,900	
Inventory	11,400	
Machines	9,300	
Trucks	15,800	
Account Payable		3,600
Wages Payable		2,800
Capital		85,000
Drawings	3,000	
Fees Earned		15,000
Service Revenues		6,000
Advertising Expenses	8,100	
Utilities Expenses	1,900	
<b>Total</b>	<b>112,400</b>	<b>112,400</b>



## Chapter 5: Preparing Financial Statements for Services

### Business - Income Statement

Lesson Notes

- The teacher should clarify the important of preparing financial statements to help management for take a decision.
- The teacher should clarify the aim of preparing Income statement for business.

**Income Statement:** An income statement reports the revenues earned less the expenses incurred by a business over a period of time and resulting net income or net loss for a specific period of time.

The income statement lists revenues, followed by expense. Finally, the income statement shows the net income when total revenues are **more** than the total expenses and the net loss when the total revenues **less** than the total expenses.

**Format of Income Statement:**

Name of Company  
Income Statement  
For the ..... ended .....

<u>Revenues:</u>	BD	BD
Service Revenues	xx	
Fees earned	xx	
Fees Income	xx	
Commission Income	xx	
<b>Total Revenues</b>		xxxx
<u>- Expenses:</u>		
Advertising Expenses	xx	(-)
Repair Expenses	xx	
Salaries Expenses	xx	↓
<b>Total Expenses</b>		xxxx
<b>Net Income (Profit) or Net Loss</b>		xxxx

**The Focus**

**Before the Lesson:**

Teacher start by introductory activity, the result if revenue more than expenses.

**The Lesson:**

1- Understand income statement and how it is prepared.

**After the Lesson:**

Using the balances from trail balance to prepare income statement

**2- Teaching Reinforcement Question:**

Ask the students to read pages (106-107) from text book.



- ❖ The teacher explains to the student that the result of income Statement transfer to owner's equity statement.

**Illustration 5-1:**

From the following trial balance, you are required to prepare the income statement.

Osama Company  
Trial Balance  
As at April 30 2020

Account Title	Debit BD	Credit BD
Cash	126,550	
Account Receivable	11,000	
Supplies	6,000	
Prepaid Insurance	2,700	
Machines	8,000	
Equipment	3,500	
Account Payable		6,530
Unearned Services Revenues		5,200
Capital		121,000
Drawings	600	
Service Revenues		27,550
Advertising Expenses	730	
Salaries Expenses	1,200	
<b>Total</b>	<b>160,280</b>	<b>160,280</b>

**Solution:**

Osama Company  
Income Statement  
For the month ended April 30 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Service Revenues		27,550
<b>- Expenses:</b>		↓
Advertising Expenses	730	(-)
Salaries Expenses	1,200	↓
<b>Total Expenses</b>		<b>1,930</b>
<b>Net Income (Profit)</b>		<b>25,620</b>

**Study Instructions:**  
Explain illustration (5-1) page 106 and changed value of revenues to lower than expenses. Ask the student the result of the business.

**2- Teaching Instructions.**  
Ask the students to find the true trail balance of any company working in Bahrain and prepare the income statement.



➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Income-Statement-for-Services-Business/Income-Statement-for-Services-Business.zip](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Income-Statement-for-Services-Business/Income-Statement-for-Services-Business.zip)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

<b>Chapter Resources</b>			
<b>Resource</b>	<b>Below Average</b>	<b>In Average</b>	<b>Over Average</b>
<b>Teacher's Guide</b>	Page 116 (5-4) Req. 1	Page 117 (5-5) Req. 1	Page 118 (5-6) Req. 1
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
  
Ask the students to solve exercises pages 116 (5-4) & (1) Req. 1 from textbook.



## Chapter 5: Preparing Financial Statements for Services Business- O.E statement and balance sheet.

Teacher explain three financial statement:

- 1- Income Statement.
  - 2- Owner's Equity Statement.
  - 3- Balance Sheet.
- Explain example pages 112 – 114.

### Lesson Notes

#### 1. The Focus

##### **Learning objective:**

- a) Understand owner's equity statement and how it is prepared.
- b) Understand balance sheet and how it is prepared

##### **Tools Requirement;**

- 1- Textbook.
- 2- Notebook
- 3- Calculator

##### **Teaching Instructions:**

Explain illustration (5-2) & (5-3) pages 109 -111 from text book

#### 2- Teaching Reinforcement Question:

Teach example pages 112 to 114 (Text Book)

### Example:

The following trial balance of Dana Company on Dec 31 2020.

Dana Company  
Trial Balance  
As at Dec, 31 2020

Account Title	Debit BD	Credit BD
Cash	17,500	
Account Receivable	4,200	
Supplies	2,300	
Inventory	7,100	
Lands	74,000	
Building	11,3500	
Furniture	8,400	
Account Payable		3,500
Interest Payable		1,500
Notes Payable(due in 3 years)		6,200
Bonds Payable		19,000
Capital		201,700
Drawings	2,000	
Service Revenues		14,500
Fees earned		5,500
Wages Expenses	17,000	
Repair Expenses	2,400	
Utilities Expenses	3,500	
<b>Total</b>	<b>251,900</b>	<b>251,900</b>

### Required:

- a) Prepare the income statement.
- b) Prepare the owner's equity statement.
- c) Prepare a balance sheet as at Dec, 31 2020.





**Solution:**

Dana Company  
Income Statement  
For the year ended Dec, 31 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Service Revenues	14,500	
Fees earned	5,500	
<b>Total Revenues</b>		20,000
<b>- Expenses:</b>		↓
Wages Expenses	17,000	(-)
Repair Expenses	2,400	
Utilities Expenses	3,500	↓
<b>Total Expenses</b>		22,900
<b>Net Loss</b>		<b>(2,900)</b>

Dana Company  
Owner's Equity Statement  
For the year ended Dec, 31 2020

	<b>BD</b>	<b>BD</b>
Owner's capital, (Beginning Capital)	201,700	
	-	
Less: Net Loss	(2,900)	
		198,800
		-
Less: Drawings		(2,000)
<b>Owner's Capital, Dec 31 (Ending Capital)</b>		<b>196,800</b>

Dana Company  
Balance sheet  
As at Dec, 31 2020

<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	17,500		Account Payable	3,500	
Account Receivable	4,200		Interest Payable	1,500	
Supplies	2,300		<b>Total Current Liabilities</b>		5,000
Inventory	7,100				
<b>Total Current Assets</b>		31,100	<b>Long-Term liabilities</b>		+
			Notes Payable(due in 3 years)	6,200	
<b>Fixed(Plant) Assets</b>		+	Bonds Payable	19,000	
Lands	74,000		<b>Total Long-Term liabilities</b>		25,200
Building	113,500		<b>Total Liabilities</b>		30,200
Furniture	8,400		<b>Owner's Equity</b>		
<b>Total Fixed Assets</b>		195,900	Owner's capital		196,800
<b>Total Assets</b>		<b>227,000</b>	<b>Total Liabilities and Equity</b>		<b>227,000</b>

**2- Teaching Instructions:**

\*Teach example pages 112 to 114 (Text Book).

\* Ask the students to determine the benefits of three financial statements  
a) Income statement.  
b) O.E statement  
c) Balance sheet.



➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Balance-Sheet-and-Statement-of-Owners-Equity-1/Balance-Sheet-and-Statement-of-Owners-Equity-1.zip](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Balance-Sheet-and-Statement-of-Owners-Equity-1/Balance-Sheet-and-Statement-of-Owners-Equity-1.zip)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

<b>Chapter Resources</b>			
<b>Resource</b>	<b>Below Average</b>	<b>In Average</b>	<b>Over Average</b>
<b>Teacher's Guide</b>	Page 116 (5-4) Req. 2&3	Page 117 (5-5) Req. 2	Page 118 (5-6) Req. 2&3
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
1- Ask the student to solve exercises (5-1) & (5-2) page 115 during the period by using problem solving strategy.  
  
2- Ask the students to solve exercises (5-4, 5, 6) pages 116-118 from text book.



# CHAPTER 5

## **Preparing Financial Statements for Services Business**



# Textbook Exercises

80 Chapter 2 Analyzing and Recording Transactions

This means the sum of the debits for all entries must equal the sum of the credits for all entries, and the sum of debit account balances in the ledger must equal the sum of credit account balances.

The system for recording debits and credits follows from the usual accounting equation—see Exhibit 2.6. Two points are important here. First, like any simple mathematical relation, net increases or decreases on one side have equal net effects on the other side. For example, a net increase in assets must be accompanied by an identical net increase on the liabilities and equity side. Recall that some transactions affect only one side of the equation, meaning that two or more accounts on one side are affected, but their net effect on this one side is zero. Second, the left side in the *normal balance* side for assets, and the right side is the *normal balance* side for liabilities and equity. This matches their layout in the accounting equation where assets are on the left side of this equation, and liabilities and equity are on the right.

Points: Assets are on the left-hand side of the equation and their increases are on the left. Liabilities and Equity are on the right-hand side of the equation and their increases are on the right.

**EXHIBIT 2.6**  
Debits and Credits in the Accounting Equation

Assets		=	Liabilities		+	Equity	
Debit for increases	Credit for decreases		Debit for decreases	Credit for increases		Debit for decreases	Credit for increases
+	-		-	+		-	+
Normal				Normal			Normal

Points: Equity increases from owner investments and retained earnings increases from owner withdrawals and expenses.

Recall that equity increases from revenues and owner investments and it decreases from expenses and owner withdrawals. These important equity relations are conveyed by expanding the accounting equation to include debits and credits in double-entry form as shown in Exhibit 2.7.

**EXHIBIT 2.7**  
Debit and Credit Effects for Component Accounts

Assets		=	Liabilities		+	Owner, Capital		-	Owner, Withdrawals		+	Revenues		-	Expenses	
Dr. for increases	Cr. for decreases		Dr. for decreases	Cr. for increases		Dr. for increases	Cr. for decreases		Dr. for increases	Cr. for decreases		Dr. for increases	Cr. for decreases		Dr. for increases	Cr. for decreases
+	-		-	+		+	-		+	-		+	-		+	-
Normal				Normal		Normal			Normal			Normal			Normal	

Points: Debits and credits



**Final Assessment**

Dear teacher, you have a model answer to chapter 5 exercises of the textbook.

**Exercise (5-1):**

The following accounts were extracted from the book of Hamad Repair services shop.

Account	BD	Account	BD
Drawings	3,600	Fees Income	33,200
Cash	44,200	Unearned Rent Revenues	5,100
Account Payable	8,700	Wages Expenses	7,600
Salaries Payable	4,500	Notes payable(19 months)	4,900
Supplies	6,000	Interest Expenses	9,800
Building	102,000	Mortgage Payable	14,200
Machines	38,000	Beginning Capital	140,600

**Required:**

- a) Classify each of the previous accounts in the appropriate financial statement in which it can be recorded (Income Statement-Statement of Owner's Equity- Balance Sheet).

**Solution:**

Income Statement	Statement of Owner's Equity	Balance Sheet
Fees Income Wages Expenses Interest Expenses	Drawings Beginning Capital	Cash Supplies Building Machines Account Payable Salaries Payable Unearned Rent Revenues Notes Payable (19 Months) Mortgage Payable



b) Determine the value of net income or loss.

$$\begin{aligned}\text{Net Income} &= 33,200 - (7,600 + 9,800) \\ &= 33,200 - 17,400 \\ &= \text{BD } 15,800\end{aligned}$$

c) Determine the value of ending capital.

$$\begin{aligned}&= 140,600 + 15,800 - 3,600 \\ &= \text{BD } 152,800\end{aligned}$$

d) Determine the value of current, fixed assets and current, long-term liabilities.

$$\text{Current Assets} = 44,200 + 6,000 = \text{BD } 50,200$$

$$\text{Fixed Assets} = 102,000 + 38,000 = \text{BD } 140,000$$

$$\text{Current Liabilities} = 8,700 + 4,500 + 5,100 = \text{BD } 18,300$$

$$\text{Long-term liabilities} = 4,900 + 14,200 = \text{BD } 19,100$$

### **Exercise (5-2):**

The following are the major balance sheet classifications.

Current Assets (CA) – Fixed Assets (FA) – Current Liabilities (CL) Long-term Liabilities (LTL) – Owner's Equity (OE) – Not Included (NI)

Bond Payable	LTL	Net Income	OE
Premises	FA	Supplies	CA
Machines	FA	Fees Earned	OE
Drawings	OE	Salaries Payable	CL
Services Revenues	NI	Lands	FA
Wages Expenses	OE	Unearned Revenues	CL
Cash	CA	Equipment	FA
Inventory	CA	Rent Expenses	OE
Account Payable	CL	Notes Payable (2 years)	LTL



**Exercise (5-3):**

The following is the Trial Balances of Manal Company at 31<sup>st</sup> December, 2020:

**Trial Balance**  
**As at 31<sup>st</sup> December, 2020**

Account Title	Debit	Credit
Cash	20,500	
Accounts Receivable	2,000	
Office Supplies	800	
Cleaning Equipment	4,200	
Furniture	3,700	
Accounts Payable		3,000
Utilities Payable		1,400
Notes Payable (due in 30 months)		4,200
Manal's Capital		19,300
Manal's Drawings	900	
Service Revenues		4,800
Rental Revenues		5,000
Rent Expense	2,100	
Salaries Expense	1,350	
Wages Expense	2,150	
Total	37,700	37,700

**Required:**

- 1- Prepare the Income Statement
- 2- Prepare the Statement of Owner's Equity.
- 3- Prepare the Balance Sheet as at Dec, 31 2020.



Manal Company  
Income Statement

For the year ended 31<sup>st</sup> December 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Service Revenues	4,800	
Rental Revenues	5,000	
<b>Total Revenues</b>		9,800
<b>- Expenses:</b>		↓
Rent Expense	2,100	(-)
Salaries Expense	1,350	↓
Wages Expense	2,150	
<b>Total Expenses</b>		5,600
<b>Net Profit</b>		<b>4,200</b>

Manal Company

Statement of Owner's Equity

For the year ended 31<sup>st</sup> December 2020

	<b>BD</b>	<b>BD</b>
Owner's capital, (Beginning Capital)	19,300	
	+	
Less: Net Profit	4,200	
		23,500
		-
Less: Drawings		(900)
<b>Owner's Capital, Dec 31 (Ending Capital)</b>		<b>22,600</b>





Manal Company  
Balance Sheet

As at 31<sup>st</sup> December, 202

<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	20,500		Account Payable	3,000	
Account Receivable	2,000		Utilities Payable	1,400	
Supplies	800		Total Current Liabilities		4,400
					↓
<b>Total Current Assets</b>		23,300	<b>Long-Term liabilities</b>		↓ +
		↓	Notes Payable (due in 30 months)	4,200	↓
<b>Fixed(Plant) Assets</b>		+			↓
Cleaning Equipment	4,200	↓	Total Long-Term liabilities		4,200
Furniture	3,700		Total Liabilities		8,600
			<b>Owner's Equity</b>		↓
<b>Total Fixed Assets</b>		7,900	Owner's capital		22,600
<b>Total Assets</b>		<b>31,200</b>	<b>Total Liabilities and Equity</b>		<b>31,200</b>



**Exercise (5-4):**

The following is the Trial Balances of Bader Company at 31<sup>st</sup> December, 2020:

**Trial Balance**  
**As at 31<sup>st</sup> December, 2020**

Account Title	Debit	Credit
Cash	14,000	
Accounts Receivable	6,000	
Prepaid Rent	2,500	
Trucks	25,500	
Motor Van	19,000	
Accounts Payable		2,600
Interest Payable		1,900
Bonds Payable		7,500
Bader's Capital		59,600
Bader's Drawings	1,500	
Service Revenues		6,000
Fees Income		3,200
Advertising Expense	1,800	
Salaries Expense	7,500	
Repair Expense	3,000	
Total	80,800	80,800

**Required:**

- 1- Prepare the Income Statement.
- 2- Prepare the Balance Sheet as at Dec, 31 2020.



Bader Company  
Income Statement  
For the year ended 31<sup>st</sup> December 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Service Revenues	6,000	
Fees Income	3,200	
<b>Total Revenues</b>		9,200
<b>- Expenses:</b>		↓
Advertising Expense	1,800	(-)
Salaries Expense	7,500	↓
Repair Expense	3,000	
<b>Total Expenses</b>		12,300
<b>Net Loss</b>		<b>(3,100)</b>

Bader Company  
Balance Sheet  
As at Dec, 31 2020

<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	14,000		Account Payable	2,600	
Account Receivable	6,000		Interest Payable	1,900	
Prepaid Rent	2,500		<b>Total Current Liabilities</b>		4,500
<b>Total Current Assets</b>		<b>22,500</b>	<b>Long-Term liabilities</b>		+
<b>Fixed (Plant) Assets</b>		+	Bonds Payable	7,500	↓
Trucks	25,500	↓	<b>Total Long-Term liabilities</b>		7,500
Motor Van	19,000	↓	<b>Total Liabilities</b>		12,000
			<b>Owner's Equity</b>		↓
			Bader's Capital	59,600	
			- Net Loss	(3,100)	
<b>Total Fixed Assets</b>		44,500	- Drawings	(1,500)	
			<b>Ending Capital</b>		<b>55,000</b>
<b>Total Assets</b>		<b>67,000</b>	<b>Total Liabilities and Equity</b>		<b>67,000</b>



**Exercise (5-5):**

The following is the trial balances of Sameer Cleaning Service as at 31<sup>st</sup> December, 2020:

**Trial Balance**  
**As at 31<sup>st</sup> December, 2020**

Account Title	Debit	Credit
Cash	15,000	
Accounts Receivable	7,000	
Office Supplies	2,500	
Cleaning Equipment	9,000	
Buildings	12,000	
Accounts Payable		11,000
Sameer's Capital		22,500
Sameer's Drawings	3,000	
Cleaning Revenues		41,000
Supplies Expense	3,000	
Utilities Expense	4,000	
Wages Expense	19,000	
<b>Total</b>	<b>74,500</b>	<b>74,500</b>

**Required:**

- 1- Prepare the Income Statement
- 2- Prepare the Statement of Owner's Equity.



Sameer Cleaning Service  
Income Statement

For the year ended 31<sup>st</sup> December 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Cleaning Revenues	41,000	
<b>Total Revenues</b>		<b>41,000</b>
<b>- Expenses:</b>		↓
Supplies Expense	3,000	(-)
Utilities Expense	4,000	↓
Wages Expense	19,000	
<b>Total Expenses</b>		<b>26,000</b>
<b>Net Profit</b>		<b>25,000</b>

Sameer Cleaning Service  
Statement of Owner's Equity

For the year ended 31<sup>st</sup> December 2020

	<b>BD</b>	<b>BD</b>
Owner's capital, (Beginning Capital)	72,500	
	+	
Less: Net Profit	25,000	
		97,500
		-
Less: Drawings		(3,000)
<b>Owner's Capital, Dec 31 (Ending Capital)</b>		<b>94,500</b>



**Exercise (5-6):**

The following balances were extracted from the books of AL Maha Cleaning Services at 31<sup>st</sup> December, 2020:

	<b>BD</b>		<b>BD</b>
Cash	11,200	Withdrawals	800
Accounts Receivable	2,000	Service revenues	8,300
Office Equipment	6,000	Wages Expense	600
Supplies	4,000	Utilities Expense	500
Accounts Payable	4,000	Supplies Expense	100
Capital	1,0000	Rent Expense	300
Investment during the year	3,200		

**You are required to prepare the following:**

- 1- Income Statement.
- 2- Statement of Owner's Equity.
- 3- Balance Sheet as at Dec, 31 2020.

### AL Maha Cleaning Services

#### Income Statement

For the year ended 31<sup>st</sup> December 2020

<b>Revenues:</b>	<b>BD</b>	<b>BD</b>
Services Revenues	8,300	
<b>Total Revenues</b>		<b>8,300</b>
<b>- Expenses:</b>		↓
Wages Expense	600	(-)
Utilities Expense	500	↓
Supplies Expense	100	
Rent Expenses	300	
<b>Total Expenses</b>		<b>1,500</b>
<b>Net Profit</b>		<b>6,800</b>



AL Maha Cleaning Services  
Statement of Owner's Equity  
For the year ended 31<sup>st</sup> December 2020

	<b>BD</b>	<b>BD</b>
Owner's capital, (Beginning Capital)	10,000	
+Investment during the year	3,200	
+ Net Profit	6,800	
		20,000
		-
Less: Withdrawals		(800)
<b>Owner's Capital, Dec 31 (Ending Capital)</b>		<b>19,200</b>

AL Maha Cleaning Services  
Balance Sheet  
As at 31<sup>st</sup> December 2020

<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	11,200		Account Payable	4,000	
Account Receivable	2,000		Interest Payable		
Supplies	4,000		Total Current Liabilities		4,000
<b>Total Current Assets</b>		<b>17,200</b>			
<b>Fixed (Plant) Assets</b>		<b>+</b>			
Office Equipment	6,000				
			<b>Owner's Equity</b>		
<b>Total Fixed Assets</b>		<b>6,000</b>			
			<b>Ending Capital</b>		<b>19,200</b>
<b>Total Assets</b>		<b>23,200</b>	<b>Total Liabilities and Equity</b>		<b>23,200</b>



## Chapter 6: Adjusting the Accounts

### Lesson Notes

- The teacher should clarify, how the balances of accounts are changes and how to repair the adjusted entries.
- Explain the types of adjusting entries as Follow:

#### The Focus

##### **Before the Lesson:**

Teacher start by introductory activity by asking the student the balances of accounts changing during the period or no.

##### **The Lesson:**

- 1- Explain the reasons for adjusting entries.
- 2- Prepare the adjusting entries for deferrals.
- 3- Prepare the adjusting entries for accruals.

##### **After the Lesson:**

Finding the adjusting trail balance.

#### Deferrals:

1. **Prepaid Expenses**, Expenses are paid in cash and recorded as **assets** before they are used or consumed.
2. **Unearned Revenues**, Cash is received and recorded as **liabilities** before revenue is earned or service performed.

#### Defferals

( Payments before service performing; Service ×, Cash ✓ )

#### **Prepaid Expense**

(Paid in advance)

#### **Unearned Revenue**

(Received in advance)

#### Accruals

1. **Accrued Expenses**, Expenses incurred but not yet paid in cash or recorded (**Liabilities**).
2. **Accrued Revenues**, Revenues are earned but not yet received in cash or recorded (**Assets**).

#### Accruals

( Payments after service performing ; Service ✓, Cash × )

#### **Accrued Expense**

(Delay of payment - not paid in cash)

#### **Accrued Revenue**

(revenue/commision not received in cash)







**Illustration 6-1:**

On Jan, 1 2020, the office supplies account had a BD1,500, and BD2,500 of office supplies were purchased during the year. On Dec, 31 2020, physical count showed only BD1,000 of supplies available on hand. Show the adjusting entry.

$$\begin{aligned} \text{Supplies Expenses} &= \text{Beginning Balance} + \text{Purchases} - \text{Ending Balance (Remain)} \\ &= 1,500 + 2,500 - 1,000 = \text{BD}3,000 \end{aligned}$$

**GENERAL JOURNAL (Adjusting Entries)**

Date	Account Title and Explanation	PR	Debit	Credit
Dec, 31 2020	Supplies Expenses		3,000	
	Supplies			3,000

**Illustration 6-2:**

On Jan, 1 2020, Ahmed's Company purchased a new machine at a cost of BD21,000. The machine expected to have a salvage value of BD1,000 at the end of a useful life of 5 years. The company uses a straight-line depreciation method. The following adjusting entry is:

$$\begin{aligned} \text{Annual Depreciation Exp} &= \frac{\text{Acquisition Cost} - \text{Salvage Value}}{\text{Useful Life}} \\ &= \frac{21,000 - 1,000}{5} = \text{BD}4,000 \end{aligned}$$

**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Dec, 31 2020	Depreciation Expenses - Machines		4,000	
	Accumulated Depreciation - Machine			4,000

**2- Teaching Reinforcement Question:**  
 \*Ask the students to read pages (122-123) from text book.  
 \* Explain example 1&2 pages 130-133

**Teaching Instructions:**  
 Explain illustrations (6-1) to (6-7) pages from 124-129 to clarify the adjusted entries to students



**Example 1:**

Hassan started his business on Jan, 1 2020. The trail balance at Jan, 31 2020 is shown below.

Hassan Company  
Trial Balance  
As at Jan, 31 2020

Account Title	Debit BD	Credit BD
Cash	8,500	
Account Receivable	5,000	
Supplies	2,500	
Prepaid Insurance	4,200	
Equipment	25,000	
Account Payable		5,000
Unearned Service Revenues		6,000
Capital		33,700
Drawings	1,000	
Services Revenues		10,500
Rent Expenses	2,000	
Salaries Expenses	7,000	
<b>Total</b>	<b>55,200</b>	<b>55,200</b>

**Other Data:**

1. Supplies on hand at Jan, 31 are BD1,500.
2. The insurance policy is for a year.
3. BD500 of unearned services revenues has been earned at the end of the month.
4. Accrued salaries BD1,600 at Jan, 31.
5. The equipment has a 5 year - life with salvage value BD1,000.
6. Performed services for BD3,500 during the month have not been recorded as of Jan, 31.

**Required**

7. Prepare the adjusting entries for the month ended on Jan, 31 2020

**Studying Instructions:**

- \* Ask the students to read pages (122 – 123) in a group.
- \* Determine the benefit of adjustment for financial statements.

**Teaching Instructions:**

- \* Explain to students illustrations (6-1) to (6-7) Pages 124 – 129.
- \* Ask the students to study example 1&2 pages (130 – 133) in a group and do discussion circle.





**GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Jan, 31	Supplies Expenses (2500-1500)		1,000	
	Supplies			1,000
Jan, 31	Insurance Expenses (4200 ÷ 12)		350	
	Prepaid Insurance			350
Jan, 31	Unearned Service Revenues		500	
	Service Revenues			500
Jan, 31	Salaries Expenses		1,600	
	Salaries Payable			1,600
Jan, 31	Depreciation Expenses - Machines		400	
	Accumulated Depreciation- Machines			400
	= $\frac{25,000-1,000}{5} = \text{BD}4,800 \times \frac{1}{12} = \text{BD}400$			
Jan, 31	Account Receivable		3,500	
	Service Revenues			3,500

➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Prepaid-Expenses-and-Revenues/Prepaid-Expenses-and-Revenues.pptx](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Prepaid-Expenses-and-Revenues/Prepaid-Expenses-and-Revenues.pptx)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

Chapter Resources			
Resource	Below Average	In Average	Over Average
Teacher's Guide	Page 134 (6-1)	Page 135 (6-2)	Page 136 (6-3)
Lesson Resources	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
Extra Resources	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
Ask the students to solve exercises pages 134-138.



# CHAPTER 6

## Adjusting the Accounts



# *Text Book Exercises*



**Final Assessment**

Dear teacher, you have a model answer to chapter 6 exercises of the textbook.

**Exercise (6-1):**

For each of the below transactions indicate the type of adjustment (Prepaid Expense / Accrued Expense) then record the adjusting entry for Isa Advertising Agency.

<b>Transactions</b>	<b>Type &amp; amount</b>	
1- Advertising Supplies of BD1,100 have been used.		
Supplies Expenses Supplies	1,100	1,100
2- Expired insurance for the period is BD120.		
Insurance Expenses Prepaid Insurance	120	120
3- Salaries of BD600 not paid yet.		
Salaries Expenses Salaries Payable	600	600



**Exercise (6-2):**

Yousif Bin Ali Cleaning Services' Trial Balance on June30, 2020 shows the following balances for selected accounts:

	<b>BD</b>
<b>Prepaid Rent</b>	<b>600</b>
<b>Office Supplies</b>	<b>750</b>
<b>Notes Payable</b>	<b>10,000</b>
<b>Unearned Service Revenues</b>	<b>1,200</b>
<b>Accounts Receivable</b>	<b>1,800</b>
<b>Office Furniture</b>	<b>4,000</b>
<b>Accumulated Depreciation – Office Equipment</b>	<b>600</b>

An analysis reveals the following adjusting information:

- 1- Depreciation on office furniture is BD1,200 annually.
- 2- Rent Expired for one month is BD200.
- 3- Supplies used during the period was BD500.
- 4- 30% of customer advance have been completed.
- 5- The annual depreciation for office equipment is BD300.

**Required:** Prepare the adjusting entries for the month of June and show your calculations where needed.

<b>General Journal</b>			
<b>1</b>	Depreciation Expenses - Furniture <span style="float: right;"><small>(1200 ÷ 12)</small></span>	100	
	Accumulated Depreciation - Furniture		100
<b>2</b>	Rent Expenses	200	
	Prepaid Rent		200
<b>3</b>	Supplies Expenses	500	
	Supplies		500
<b>4</b>	Unearned Service Revenues (1,200 × 30%)	360	
	Service Revenues		360
<b>5</b>	Depreciation Expenses - Equipment	300	
	Accumulated Depreciation - Equipment		300



**Exercise (6-3):**

AL Huda Company opened for business on June 1 with repair electric sets. Its trial balance before adjustment on Aug 31, 2020 is as follows.

AL Huda Company  
Trial Balance  
As at August 31, 2020

Account Title	Debit BD	Credit BD
Cash	30,000	
Supplies	5,300	
Prepaid Rent	9,000	
Prepaid Insurance	65,000	
Buildings	145,000	
Equipment	18,000	
Account Payable		7,000
Unearned Service Revenues		8,400
Mortgage Payable		25,000
Capital		203,900
Drawings	4,000	
Repair Service Revenues		70,000
Utilities Expenses	6,800	
Repair Expenses	5,200	
Salaries Expenses	26,000	
<b>Total</b>	<b>314,300</b>	<b>314,300</b>

**Other data:**

1. Insurance expires at the rate of BD200 per month.
2. A count on Aug 31 shows BD1,300 of supplies on hand.
3. Annual depreciation is BD6,000 on building.
4. Unearned services revenues of BD 2,400 were earned prior to Aug 31.
5. Salaries of BD1,000 were unpaid at Aug 31.
6. The mortgage interest rate is 6% annually (the mortgage was taken on June 1 2020).

**Required:**

Prepare the adjusting entries on Aug, 31 2020 for 3-months period (June 1 till Aug, 31 2020)





**Answer (6-3):****GENERAL JOURNAL**

Date	Account Title and Explanation	PR	Debit	Credit
Aug, 31	Insurance expenses (200×3)		600	
	Prepaid Insurance			600
Aug, 31	Supplies Expenses (5,300 – 1,300)		4,000	
	Supplies			4,000
Aug, 31	Depreciation Expenses – Building (6000÷12)×3		1500	
	Accumulated Depreciation - Building			1500
Aug, 31	Unearned Services Revenues		2,400	
	Services Revenues			2,400
Aug, 31	Salaries Expenses		1,000	
	Salaries Payable			1,000
Aug, 31	Interest Expenses $(25,000 \times \frac{6}{100} \times \frac{3}{12})$		375	
	Interest Payable			375



**Exercise 6-4:**

AL Manar Company was started in January 1 2020. Presented below are both the adjusted and unadjusted trial balances as of June 30 2020.

Account	Debit (BD)	Credit (BD)
Supplies	450	
Prepaid Insurance	600	
Equipment	16,000	
Accumulated Depreciation-Machinery		4,000
Notes Payable		8,000
Other Revenue		1,200
Service Revenues		3,600
Salaries Expenses	760	

**The following data appeared on June 30, 2020:**

- 1- Expired insurance for the period is BD150.
- 2- Supplies on hand at June 30 totaled BD75.
- 3- The depreciation charge for machinery is BD250 per month.

**Required:**

Prepare the adjusting entries on June 30, 2020 assuming that adjusting entries are made semiannually (**Each 6 months**).

General Journal			
1	Insurance expenses	150	
	Prepaid Insurance		150
2	Supplies Expenses (450 -75)	375	
	Supplies.		375
3	Depreciation Expenses - Machinery (250×6)	1500	
	Accumulated Depreciation - Machinery		1500



**Exercise (6-5):**

AL Fahad Company was started in January 1 2020. Presented below are both the adjusted and unadjusted trial balances as of Dec 31 2020.

Account Title	Unadjusted Trial Balance		Adjusted Trial Balance	
	Dr	Cr	Dr	Cr
Cash	11,000		11,000	
Account Receivable	20,000		21,500	
Supplies	8,600		4,800	
Prepaid Insurance	3,350		2,500	
Equipment	60,000		60,000	
Accumulated Depreciation-Equipment		28,000		34,000
Account Payable		5,000		5,000
Interest Payable		0		150
Notes Payable		5,000		5,000
Unearned Service Revenues		7,200		5,900
Salaries Payable		0		2,100
Capital		25,500		25,500
Drawing	12,000		12,000	
Service Revenues		58,600		61,400
Salaries Expenses	10,000		12,100	
Insurance Expenses			850	
Interest Expenses	350		500	
Depreciation expenses			6,000	
Supplies Expenses			3,800	
Rent Expenses	4,000		4,000	
<b>Total</b>	<b>129,300</b>	<b>129,300</b>	<b>139,050</b>	<b>139,050</b>

**Required:**

Prepare the adjusting entries on Dec 31 2020.



**Solution:****General Journal**

	<b>Explanation</b>	<b>Dr.</b>	<b>Cr.</b>
<b>1</b>	Account Receivable (21500 -20000) Service Revenues	1,500	1,500
<b>2</b>	Supplies Expenses (8,600 – 4,800) Supplies	3,800	3,800
<b>3</b>	Insurance Expenses (3,350 – 2,500) Prepaid Insurance	850	850
<b>4</b>	Depreciation expenses.- Equipment (34000-28000) Accumulated Depreciation-Equipment	6,000	6,000
<b>5</b>	Interest Expenses (500 -350 ) Interest Payable	150	150
<b>6</b>	Unearned Service Revenues (7,200 -5,900) Service Revenues	1,300	1,300
<b>7</b>	Salaries Expenses (12,100 -10,000) Salaries Payable	2,100	2,100



## Chapter 7: Preparing Work Sheet

- The teacher should clarify the steps of preparing worksheet
- The teacher should clarify the aim of preparing preparing worksheet.

### Lesson Notes

#### The Focus

#### **Before the Lesson:**

Teacher start by introductory activity, how to collecting all information in one paper.

#### **The Lesson:**

Prepare a worksheet for services business  
**After the Lesson:**  
Using the work sheet to introduce all information about business in

#### 2- Teaching Reinforce

#### nt

#### Question:

Ask the students to read pages (141-142) from text

**A worksheet** is a multiple-column form used in the adjustment process and in preparing financial statements.

As its name suggest is a working tool, with valuable and useful information. It is not a permanent accounting record; it is neither a journal nor a part of the general ledger. The worksheet is merely a tool used in preparing adjusting entries and the financial statements at the end of each period.

#### Steps of preparing a worksheet

Preparing the worksheet has five important steps:

#### **Step 1. Enter Unadjusted Trail Balance**

The first step in preparing a work sheet is to list the title of every account and its account number that is expected to appear on its financial statements. This includes all accounts in the ledger plus any new ones from adjusting entries. The unadjusted balance for each account is then entered in the appropriate Debit or Credit column of the unadjusted trail balance columns. The totals of these two columns must be equal.

#### **Step 2. Enter Adjustments**

The second step in preparing a worksheet is to enter adjustments in the adjustments columns. The adjusting entries must still be entered in the journal and posted to the ledger. The adjustments columns provide the information for those entries.

#### **Step 3. Prepare Adjusted Trail Balance**

The adjusted trail balance is prepared by combining the adjustments with the unadjusted balances for each account. The totals of the adjusted trail balance columns confirm the equality of debits and credits.

#### **Step 4. Sort Adjusted Trail Balance Amounts to Financial Statements**

This step involves sorting account balances from the adjusted trail balance to their proper financial statement columns.

#### **Step 5. Total Statement Columns (Compute Income or Loss, and Balances)**

Each financial statement column (from step 4) is totaled. The difference between the totals of the income statement columns is either net income or net loss. This occurs because revenues are entered in the credit column and expenses in the debit column. If the credit total exceeds the debit total, there is net income. If the debit total exceeds the credit total, there is net loss. The net income from the income statement columns is then transferred to the balance sheet and statement of owner's equity credit





**Example 1:**

Hassan started his business on Jan, 1 2020. The trial balance at Jan, 31 2020 is shown below.

Account Title	Debit BD	Credit BD
Cash	8,500	
Account Receivable	5,000	
Supplies	2,500	
Prepaid Insurance	4,200	
Equipment	25,000	
Account Payable		5,000
Unearned Service Revenues		6,000
Capital		33,700
Drawings	1,000	
Service Revenues		10,500
Rent Expenses	2,000	
Salaries Expenses	7,000	
<b>Total</b>	<b>55,200</b>	<b>55,200</b>

**Other Data:**

- a) Supplies on hand at Jan, 31 are BD1,500.
- b) The insurance policy is for a year.
- c) BD500 of unearned services revenues has been earned at the end of the month.
- d) Accrued salaries BD1,600 at Jan, 31.
- e) The equipment has a 5 year - life with salvage value BD1,000.
- f) Performed services BD3,500 during the month have not been recorded as of Jan 31

**Required:**

- 1- Prepare the adjusting entries for the month of Jan, 31 2020.
- Complete the worksheet for the month ended on Jan, 31 2020

Date	Account Title and Explanation	PR	Debit	Credit
a.	Jan, 31	Supplies Expenses (2,500-1,500)	1,000	
		Supplies		1,000
b.	Jan, 31	Insurance Expenses ( 4,200 ÷ 12 )	350	
		Prepaid Insurance		350
c.	Jan, 31	Unearned Service Revenues	500	
		Service Revenues		500
d.	Jan, 31	Salaries Expenses	1,600	
		Salaries Payable		1,600
e.	Jan, 31	Depreciation Expenses - Machines	400	
		Accumulated Depreciation- Machines = $\frac{25,000-1,000}{5} = \text{BD}4,800 \times \frac{1}{12} = \text{BD}400$		400
f.	Jan, 31	Account Receivable	3,500	
		Service Revenues		3,500

**2- Teaching Instructions:**

\* Explain to students example 1&2 Pages 143-148

\*Ask the students to read pages (141-142) from textbook.

\*Ask the students to do assignment For a company working in Bahrain to prepare a worksheet in a group.

**Studying Instructions:**  
Ask the student to research about financial report of any company and do financial statement and worksheet.



- ❖ The teacher explains to the student steps to prepare the worksheet.in example 1&2 pages 143-148.



Account Title	Unadjusted Trial Balance		Adjustment		Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	8,500				8,500				8,500	
A/C'S Receivable	5,000		f)3,500		8,500				8,500	
Supplies	2,500			a)1,000	1,500				1,500	
Prepaid Insurance	4,200			b)350	3,850				3,850	
Equipment	25,000				25,000				25,000	
A/C'S Payable		5,000				5,000				5,000
Unearned Service Revenues		6,000	c)500			5,500				5,500
Capital		33,700				33,700				33,700
Drawings	1,000				1,000				1,000	
Service Revenues		10,500		c/f)4,000		14,500		14,500		
Rent Expenses	2,000				2,000		2,000			
Salaries Expenses	7,000		d)1,600		8,600		8,600			
<b>Totals</b>	<b>55,200</b>	<b>55,200</b>								
Supplies Expenses			a)1,000		1,000		1,000			
Insurance Expenses			b)350		350		350			
Salaries Payable				d)1,600		1,600				1,600
Depreciation Expenses. Equip			e)400		400		400			
Accumulated Depreciation				e)400		400				400
<b>Totals</b>			<b>7,350</b>	<b>7,350</b>	<b>60,700</b>	<b>60,700</b>	<b>12,350</b>	<b>14,500</b>	<b>48,350</b>	<b>46,200</b>
<b>Net Income</b>							<b>2,150</b>			<b>2,150</b>
<b>Totals</b>							<b>14,500</b>	<b>14,500</b>	<b>48,350</b>	<b>48,350</b>



➤ Ask the student to use the following link to review the lesson:

[http://www.edunet.bh/e\\_content/level\\_3/stage\\_10/subject\\_ID\\_35/Part\\_3/lessons/Preparing-a-work-sheet/Preparing-a-work-sheet.zip](http://www.edunet.bh/e_content/level_3/stage_10/subject_ID_35/Part_3/lessons/Preparing-a-work-sheet/Preparing-a-work-sheet.zip)



**Teaching with technology**  
Ask the student to use the link and QR for revision.

<b>Chapter Resources</b>			
<b>Resource</b>	<b>Below Average</b>	<b>In Average</b>	<b>Over Average</b>
<b>Teacher's Guide</b>	Page 149 (7-1)	Page 150 (7-2)	Page 151 (7-3)
<b>Lesson Resources</b>	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson	1- Text Book 2- Study Guide 3- Digital Educational Lesson 4- YouTube Lesson
<b>Extra Resources</b>	Activity Notebook	Activity Notebook	Activity Notebook

**Formative assessment:**  
  
Ask the students to solve exercises pages 149-153 from textbook.





# CHAPTER 7

## **Worksheet For Services Business**



# *Textbook Exercises*



**Final Assessment**

Dear teacher, you have a model answer to chapter 7 exercises of the textbook.

**Exercise (7-1):**

The adjusted trial balance of the worksheet of Essa Company are as follows:

Essa Company

Worksheet

For the year ended Dec 31, 2020

**Solution:**

Account Title	Adjusted Trial Balance		Income Statement		Balance Sheet	
	Dr	Cr	Dr	Cr	Dr	Cr
Cash	14,500				14,500	
Supplies	2,500				2,500	
Trucks	20,000				20,000	
Furniture	13,000				13,000	
Account Payable		2,100				2,100
Unearned Revenues		1,900				1,900
Capital		51,700				51,700
Drawings	700				700	
Service Revenues		3,500		3,500		
Rent Revenues		6,400		6,400		
Wages Expenses	8,000		8,000			
Telephone Expenses	6,000		6,000			
Utilities Expenses	900		900			
<b>Total</b>	<b>65,600</b>	<b>65,600</b>	<b>14,900</b>	<b>9,900</b>	<b>50,700</b>	<b>55,700</b>
<b>Net Loss</b>				<b>5,000</b>	<b>5,000</b>	
<b>Total</b>			<b>14,900</b>	<b>14,900</b>	<b>55,700</b>	<b>55,700</b>

**Required:**

Complete the worksheet



**Exercise (7-2):**

You are required to use the following adjustments to complete the worksheet for the second quarter (three months) ended June 31, 2020 for Noor's Company.

**Adjustment:**

1. Supplies BD600 still on hand.
2. Accrued (unpaid) wages BD1,200.
3. Insurance BD300 was expired per month.

**Noor Company  
Worksheet  
For the month ended June 31, 2020**

Account Title	Unadjusted Trial Balance		Adjustment		Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	16,700				16,700				16,700	
A/C'S Receivable	2,200				2,200				2,200	
Supplies	1,600			1,000	600				600	
Prepaid Insurance	3,900			900	3,000				3,000	
Machines	42,000				42,000				42,000	
A/C'S Payable		3,400				3,400				3,400
Unearned service Revenues		2,600				2,600				2,600
Capital		56,900				56,900				56,900
Drawings	1,200				1,200				1,200	
Rental Revenues		7,500				7,500		7,500		
Repair Expenses	800				800		800			
Wages Expenses	2,000		1,200		3,200		3,200			
<b>Totals</b>	<b>70,400</b>	<b>70,400</b>								
Supplies Expenses			1,000		1,000		1,000			
Insurance Expenses			900		900		900			
Wages Payable				1,200		1,200				1,200
<b>Totals</b>			<b>3,100</b>	<b>3,100</b>	<b>71,600</b>	<b>71,600</b>	<b>5,900</b>	<b>7,500</b>	<b>65,700</b>	<b>64,100</b>
<b>Net Profit</b>							<b>1,600</b>			<b>1,600</b>
<b>Totals</b>							<b>7,500</b>	<b>7,500</b>	<b>65,700</b>	<b>65,700</b>



**Exercise (7-3):**

Prepare a worksheet for Al Fajer Company using the trial balance and adjustment information, for the month ended 31 October, 2020.

**Al Fajer Company**  
**Trial Balance**  
**As at October 31, 2020**

Account Title	Debit BD	Credit BD
Cash	2,410	
Supplies	1,476	
Prepaid insurance	2,400	
Equipment	40,320	
Accumulated Depreciation - Equipment		19,592
Account Payable		1,435
Capital		22,130
Drawings	15,033	
Service Revenues		42,020
Wages Expense	16,512	
Rent Expense	4,200	
Advertising Expenses	1,780	
Utilities Expenses	621	
Miscellaneous Expense	425	
<b>Total</b>	<b>85,177</b>	<b>85,177</b>

**Adjustment:**

1. Insurance expired BD400.
2. Depreciation on equipment for this period is BD408.
3. Supplies on hand BD300.
4. Accrued wages are BD550.



**Solution (7-3):**

**Al Fajer Company**  
**Worksheet**  
**For the month ended on October 31, 2020**

Account Title	Unadjusted Trial Balance		Adjustment		Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	2410				2410				2410	
Supplies	1476			1,176	300				300	
Prepaid insurance	2400			400	2,000				2,000	
Equipment	40320				40320				40320	
Accumulated Depreciation - Equipment		19592		408		20,000				20,000
Account Payable		1435				1435				1435
Capital		22130				22130				22130
Drawings	15033				15033				15033	
Service Revenues		42020				42020		42020		
wages Expense	16512		550		17,062		17,062			
Rent Expense	4200				4200		4200			
Advertising Expenses	1780				1780		1780			
Utilities Expenses	621				621		621			
Miscellaneous Expense	425				425		425			
<b>Totals</b>	<b>70400</b>	<b>70400</b>								
Insurance Expenses			400		400		400			
Depreciation Expenses			408		408		408			
Supplies Expenses			1,176		1,176		1,176			
Wages Payable				550		550				550
<b>Totals</b>			<b>2,534</b>	<b>2,534</b>	<b>86,135</b>	<b>86,135</b>	<b>26072</b>	<b>42020</b>	<b>60063</b>	<b>44115</b>
<b>Net Profit</b>							<b>15,948</b>			<b>15,948</b>
<b>Totals</b>							<b>42020</b>	<b>42020</b>	<b>60063</b>	<b>60063</b>



**Exercise (7-4):**

The unadjusted trial balance of A.C.M Computer Services, **Prepare the adjusting entries and worksheet.**

**A.C.M Computer Services  
Trial Balance  
As at November 30, 2020**

Account Title	Debit BD	Credit BD
Cash	10,200	
Account Receivable	9,200	
Supplies	2,850	
Computer Equipment	3,700	
Buildings	10,800	
Account Payable		3,900
Notes Payable		2,100
Capital		????
Unearned Service Revenues		4,750
Service Revenues		28,000
Salaries Expense	6,700	
Advertising Expenses	870	
utilities Expenses	360	
Supplies Expense	300	
<b>Total</b>	<b>?</b>	<b>?</b>

**Additional Data:**

- 1- There is an invoice for computer service of BD350 not recorded in the current year.
- 2- The unearned Rent Revenue was received for 2 years
- 3- Advertising Payable BD 350



**Solution:**

<b>Date</b>	<b>Explanation</b>	<b>Debit</b>	<b>credit</b>
Nov,30	Account Receivable	350	
	Service Revenues		350
Nov,30	Unearned Service Revenues (4,750 ÷ 24)	198	
	Service Revenues		198
Nov,30	Advertising Expenses	350	
	Advertising Payable		350





**A.C.M Computer Services**  
**Worksheet**  
**For the month ended on November 30, 2020**

Account Title	Unadjusted Trial Balance		Adjustment		Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	10,200				10,200				10,200	
Account Receivable	9,200		350		9,550				9,550	
Supplies	2,850				2,850				2,850	
Computer Equipment	3,700				3,700				3,700	
Buildings	10,800				10,800				10,800	
Account Payable		3,900				3,900				3,900
Notes Payable		2,100				2,100				2,100
Capital		6,230				6,230				6,230
Unearned Service Revenues		4,750	198			4,552				4,552
Service Revenues		28,000		548		28,548		28,548		
Salaries Expense	6,700				6,700		6,700			
Advertising Expenses	870		350		1,220		1,220			
utilities Expenses	360				360		360			
Supplies Expense	300				300		300			
<b>Totals</b>	<b>44,980</b>	<b>44,980</b>								
Advertising Payable				350		350				350
<b>Totals</b>			<b>898</b>	<b>898</b>	<b>45,680</b>	<b>45,680</b>	<b>8,580</b>	<b>28,548</b>	<b>37,100</b>	<b>17,132</b>
<b>Net Profit</b>							<b>19,968</b>			<b>19,968</b>
<b>Totals</b>							<b>28,548</b>	<b>28,548</b>	<b>37,100</b>	<b>37,100</b>



**Exercise (7-5):**

Nabeel Cleaning Service's unadjusted trial balances on December 31, 2020 is as follows:

Account Title	Debit BD	Credit BD
Cash	12,900	
Account Receivable	7,450	
Supplies	2,300	
Prepaid Insurance	3,600	
Equipment	18,000	
Machinery	31,000	
Account Payable		8,700
Notes Payable		7,500
Nabeel, Capital		35,000
Nabeel, Drawings	900	
Service Revenues		30,480
Salaries Expense	3,100	
Travel Expenses	950	
Rent Expenses	1,100	
Miscellaneous Expense	380	
<b>Total</b>	<b>81,680</b>	<b>81,680</b>

**Adjustments:**

- 1- Supplies on hand total BD1,400.
- 2- Depreciation of equipment is BD 450 per quarter.
- 3- Notes payable were issued on June31, at 10% annually.
- 4- Expired insurance BD200 per month.
- 5- Service provided but unbilled at March 31, 2020 total BD900.

**Required:**

- 1) Prepare the necessary adjusting entries.
- 2) Prepare the worksheet for the year ended December 31,2020.



**Solution (7-5):**

<b>Date</b>	<b>Explanation</b>	<b>Debit</b>	<b>credit</b>
Dec, 31	Supplies Expenses	1,400	
	Supplies		1,400
Dec, 31	Depreciation Expenses (450 × 4)	1,800	
	Accumulated Depreciation		1,800
Dec, 31	Interest Expenses ( $7500 \times \frac{10}{100} \times \frac{6}{12}$ )	375	
	Interest payable		375
Dec, 31	Insurance Expenses (200×12)	2,400	
	Prepaid Insurance		2,400
Dec, 31	Account Receivable	900	
	Service Revenues		900



Nabeel Cleaning Service  
Worksheet  
For the Year ended December 31,2020

Account Title	Unadjusted Trial Balance		Adjustment		Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	12,900				12,900				12,900	
Account Receivable	7,450		900		8,350				8,350	
Supplies	2,300			1,400	900				900	
Prepaid insurance	3,600			2,400	1,200				1,200	
Equipment	18,000				18,000				18,000	
Machinery	31,000				31,000				31,000	
Account Payable		8,700				8,700				8,700
Notes Payable		7,500				7,500				7,500
Nabeel, Capital		35,000				35,000				35,000
Nabeel, Drawings	900				900				900	
Service Revenues		30,480		900		31,380		31,380		
Salaries Expense	3,100				3,100		3,100			
Travel Expenses	950				950		950			
Rent Expenses	1,100				1,100		1,100			
Miscellaneous Expense	380				380		380			
<b>Total</b>	<b>81,680</b>	<b>81,680</b>								
Supplies Expenses			1,400		1,400		1,400			
Depreciation Expenses			1,800		1,800		1,800			
Accumulated Depreciation				1,800		1,800				1,800
Interest Expenses			375		375		375			
Interest Payable				375		375				375
Insurance Expenses			2,400		2,400		2,400			
<b>Totals</b>			<b>6,875</b>	<b>6,875</b>	<b>84,755</b>	<b>84,755</b>	<b>11,505</b>	<b>31,380</b>	<b>73,250</b>	<b>53,375</b>
<b>Net Profit</b>							<b>19,875</b>			<b>19,875</b>
<b>Totals</b>							<b>31,380</b>	<b>31,380</b>	<b>73,250</b>	<b>73,250</b>

