

الجامعة التقنية الشمالية  
المعهد التقني / نينوى  
قسم تقنيات المحاسبة

# الحقية التعليمية المحاسبة المتوسطة

المرحلة الثانية  
اعداد

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انفال صابر شريف

العام الدراسي 2018 - 2019

الهدف من المادة: تمكين الطالب من تطبيق الأسس العلمية المحاسبية لتمكينه من تقييم الوضع المالي للمؤسسة وإظهاره بشكل علمي ومنطقي لخدمة المستويات الإدارية

الهدف الخاص: إعداد التقارير المالية المختلفة من واقع السجلات المحاسبية وتحليل عناصر المركز المالي باستخدام الأسس المحاسبية

الكتب المنهجية:

**1-fundamentals of accounting**

**2-Intermediat accounting, Kieso, 2010**

3- المحاسبة المتوسطة ،محاضرات الدكتورة اسماء الهاشمي

تقييم الدرجة : الفصل الدراسي 40%

الامتحانات اليومية 10%

الامتحان النهائي 50%

**المفردات النظرية/لمادة المحاسبة المتوسطة/المرحلة الثانية /قسم  
المحاسبة**

الاسبوع	تفاصيل المفردات
الاول	مفهوم الحسابات الختامية ، مكوناتها ، طرق اعدادها حسب طبيعة الانشطه .
الثاني	الحسابات الختامية ، عناصرها .
الثالث	الحسابات الختامية في المنشآت الصناعيه ، حساب التشغيل ، كشف التشغيل وتحديد كلفة الانتاج .
الرابع	كشف التشغيل وتحديد كلف الانتاج .
الخامس والسادس	كشف وحساب المتاجر ، تحديد مجمل الربح او الخساره باعتباره يمثل عائد النشاط الرئيسي للمنشاه .
السابع	كشف وحساب الأرباح والخسائر ، اعداده، توييب المصاريف والأيرادات، تحديد صافي الربح او الخساره .
الثامن	معالجة صافي النتيجه النهائيه لنشاط المشروع، اعداد حساب توزيع الأرباح والخسائر.
التاسع	الميزانيه العموميه، توييب الموجودات والمطلوبات، اهمية التوييب، دلالة الميزانيه .
العاشر	كشف التدفقات النقدية .
الحادي عشر	طرق الحصول على الموجودات الثابته الملموسه ، الشراء النقدي والآجل .
الثاني عشر	الأنشاء والصنع والأهداء .
الثالث عشر	اندثار الموجودات الثابته، اسباب احتسابه ، اسس احتسابه .
الرابع عشر	طرق احتساب الأندثار.
الخامس عشر	طرق تسجيل الأندثار، معالجة تغيير طريقه الأحتساب ، معالجة تغيير العمر الإنتاجي .
السادس عشر	الموجودات الثابته المندثره التي لا تزال قيد الأستعمال .
السابع عشر	بيع الموجودات الثابته .
الثامن عشر	استبدال الموجودات الثابته .
التاسع عشر	الأرباح والخسائر المتحققه عن بيع الموجودات الثابته .
العشرون	الأرباح والخسائر المتحققه عن استبدال الموجودات الثابته .
الحادي والعشرون	الأستثمارات ، انواعها ، شروطها .
الثاني والعشرون	الأسهم ، شراؤها ، بيعها ، الأسهم المجانيه .
الثالث والعشرون	السندات ، الشراء والبيع بين فترات دفع الفائده بعلاوه .
الرابع والعشرون	الشراء والبيع قبل فترات الفائده بخصم .
الخامس والعشرون	حسابات الأقسام ، التحويلات بين الأقسام .
السادس والعشرون	التحويلات بين الأقسام .
السابع والعشرون	توزيع المصاريف بين الأقسام ، السجلات المحاسبيه المطلوبه .
الثامن والعشرون	التحليل المالي للميزانيه العموميه والحسابات الختامية .
التاسع والعشرون	طرق التحليل ، التحليل المقارن .
الثلاثون	اهم الطرق المستخدمه في التحليل .

# 1 Intermediate account

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## Final account

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### final account

#### 1- Trading Account

The trading account is to ascertain gross profit or gross loss of business during an accounting period –usually a year in accounting parlance ,gross profit is the differences between sales proceeds of particular period and the cost of goods sold .since gross profit means overall profit ,no deduction of any sort general ,administrative or selling expenses the cost of goods sold when the sale proceeds are less than the cost of goods sold ,gross loss is incurred.

#### 2- profit and loss Account

The profit and loss account can be defend as report that summarization the revenues and expenses of an accounting period to reflect the changes in various critical areas of firms operation .as pointed out earliar ,the balance of the trading account (gross profit or gross loss)is transferred to the profit and loss account ,which the starting point of the prepration of this account

Style of Operation account:-

### . Operation account for the year ended 31 / 12

Begin raw material	XX	Ending raw material	XX
Begin work in process	XX	Ending work in process	XX
Purchase raw material	XX	Return raw material	XX
Purchase commission	XX	Allowed raw material	XX
Purchase taxes	XX	production Cost ( trading account )	Xxx
Direct wages	XX		
Fuel and oil	_____		_____

Telephone and electric	XXXX		Xxxxx
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Trading account      xx  
 Operation account    xx  
 Closing production account

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ending raw material                      xx  
 ending work in process                    xx  
 operation account                        xx

### Style Trading Account:-

Trading Account of ( )  
 For the year ended ( )

Beginning inventory	Xx	Ending inventory	Xx
Purchases	Xx	Purchases return and	Xx
Sales return and	Xx	allowance and discount	
allowance and discount		Sales	Xx
Purchases expenses	Xx		
Gross profit	xx	Gross loss	xx

## Style Profit and loss Account:

Profit and loss Account of ( )

For the year ended ( )

Gross loss	Xx	Gross profit	Xx
Selling expenses	Xx	Other revenue and gains	Xx
Administrative expenses	Xx	Interest revenue	
Other expenses	Xx	Rental revenue	Xx
Interest on bonds and losses	xx	Dividends received	xx
Net profit	xx	Net loss	xx

**Ex series: 8. from following accounts prepare profit & loss account for the year ended 31 / 12 / 1988.**

Gross profit	30000
Salary	10000
Rent	3600
Stationary	3000
Telephone	2300
Bad debt	1200
Sales loss of fixed assets	1300
Electric expenses	1200
Deprecation of fixed assets	1500
Insurance	500
Commission received	2000
Rent earning	4000
Sales profit of fixed assets	3000

# Financial Account

## Elements of financial statement

- 1. Assets:** probable future economic benefits obtained or controlled by particular entity as result of past transaction or events.
- 2. Liabilities:** probable future sacrifices of economic benefits arising from present obligations of particular entity to transfer assets or provide service to other entities in the future as result of past transaction or events.
- 3. Equity:** residual interest in the assets of entities that remains after deducting its liabilities .in business enterprise. The equity is the ownership interest.
- 4. Investments by owners:** increases in net assets Of particular enterprise resulting from transfers to it from other entities Of some thing of value to obtain or increase ownership interests (or equity) in it.
- 5. Distribution to owners:** decreases in net assets of particular enterprise resulting from transferring Assets “rendering services “or incurring liabilities by the enterprise to owners.  
Distribution to Owners decreases ownership interest (or equity) in an enterprise.
- 6. Comprehensive income:** change inequity (net assets) of an entity during period from transactions and other events and circumstances from non owner’s sources. It includes all changes in equity during period except those resulting from investments by owners and distribution to owners.
- 7. Revenues:** inflows or other enhancement of assets of an entity or settlement of liabilities (or combination of both) during period from delivering or producing goods rendering services” Or other activities that constitute the entities ongoing major or central operation.
- 8. Expenses:** out flows or other using up of assets or incurrence of combination of both) during period from delivering or liabilities (or producing goods “rendering services “or carrying out Other activities that constitute the entities on going major or central operations.
- 9. Gains:** increases in equity (net assets) from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affection the entity during period except those that result from revenues Or investments By Owners.

**10.** Losses: decreases in equity (net assets) from peripheral or incidental transactions of an Entity and from all other transactions and other events and circumstances affecting the Entity during period except those that result from expenses or distributions to owners.

**Exercise: 1. following balances of account for the year ended 31 /12/2000**

Sales	20000
Sales return	1500
Purchase raw material	4500
Return raw materials	500
Purchase commission	500
Purchase taxes	1500
Pegging raw material	2000
Ending raw material	1500
Pegging work in process	1800
Ending work in process	800
Direct wages	2500
Fuel and oil	400
Telephone and electric	600
Pegging finish goods	1000
Ending finish goods	500
Deprecation of manufacturing building	1000

Required: prepare for the year ended 31 / 12 / 2000

1. Operation statement
2. Operation account
3. Trading account

**Exercise: 7. following balances accounts for the year ended 31 / 12 / 1990.**

Beginning finish goods	4000	ID
Purchase expenses	2000	ID
Sales return	1000	ID
Purchase	11000	ID
Purchase returns	500	ID
Sales	30000	ID

Salary	3000 ID
Building deprecation	500 ID
Discount earning	2000 ID
Rent expenses	500 ID
Discount allowed	600 ID
Bad debt	400 ID
Commissions earning	1500 ID
Rent earning	500 ID
Ending finish goods	2500 ID

Require: For the year ended 31 / 12 / 1990 prepare:

1. Trading account .
2. Profit & loss account.

Exercise: 2. following balances of account for the year ended 31/12/1990

	unit	ID
Begin raw material		30000
90000		
Purchase raw material		500000
1500000		
Direct wages		
150000		
Direct expenses		
210000		
In direct expenses		
340000		
End raw material		40000
150000		
Begin work in process		50000
100000		
End work in process		80000
170000		
Begin finish goods		70000
315000		
Sales		450000
2800000		

Required: prepare for the year ended 31 / 12 / 1990

1. Operation account
2. Cost per unit completed
3. Trading account

Exercise: 4. from following account prepare operation account.

ID	Unit
Begin raw material	7000
20000	
Purchase raw material	60000
180000	
Return raw material	4000
12000	
End raw material	8000
30000	
Transport in	
2000	
Direct wages	
15000	
Direct expenses	
16000	
Operation expenses	
9000	
Unite completed at the year	40000
End work in process equal 2/3 finish good	

### Normal & up normal spoilage

Exercise: 6. from following account prepare operation account.

ID	Unit
Begin raw material	7000
28000	
Purchase raw material	15000
60000	
End raw material	4000
20000	
Direct wages	
14000	
In direct expenses	
11540	
Unite completed at the year	14000
End work in process equal 20% finish goods	1700
Normal spoilage 10% from unit consumed in the production	
Normal spoilage sales at price 4 ID per unit	
Up normal spoilage 10% as unit complete	

## **Final accounts in manufacturing companies**

### **1-Incom statement**

The income statement is the report the measures that of company operation for agivan period of time

### **The Quation of income statement**

1- Net revenue =sales revenue –sales return and allowance and discount

2-Cost of goods sold =beginning inventory +net purchases –ending inventory

Or

Cost of available for sales= beginning inventory +net purchases

Cost of goods sold= cost of available for sales-ending inventory

3-Gross profit =net sales revenue –cost of goods sold

4-Net purchases=purchases-purchases return and allowance and discount +purchases expenses

5-Income before tax =gross profit –(selling expenses +administrative expenses+other revenue and gains –other expenses and losses)

6-Net income =income before tax –income tax

## Style of income statement

### Operation statement for the year ended 31/12

Raw material 1 / 1		XX
Purchase raw material	XX	
Returns raw material	( XX )	
Allowed raw material	( XX )	
	<hr/>	
Net purchase		XX
Transportation in	XX	
Purchase commission	XX	
Purchase taxes	XX	
	<hr/>	
Purchase expenses		XX
Ending raw material		( XX )
<b>Raw material consumed in the production</b>		<hr/> XXX
Direct wages	XX	
Primary cost	XX	
Fuel and oil	XX	
Operation supplies	XX	
Operation expense	XX	
Maintenance	XX	
indirect cost		XX
operation cost		<hr/> XXXX
work in process 1 / 1		XX
work in process 31 / 12		( XX )
production cost	<hr/>	<hr/> XXXXX

## Balances sheet as at 31 / 12

<b>Assets</b>		<b>Liabilities</b>	
<b><u>Current Assets</u></b>		<b><u>Current Liabilities</u></b>	
cash	Xx	Notes payable	Xx
Bank	Xx	Account payable	Xx
Account receivable	Xx	Accrued expenses	Xx
Debtors	Xx	Revenue received in advance	Xx
Allowance for doubtful account	(xx)	Deposit received	xx
Short term investment	Xx	Creditors	xx
Inventory	xx		
Notes receivable	Xx		
Accrued revenue	xx		
Prepaid expenses	xx		
Good will	xx		
Trade mark	xx		
Invention	xx		
<b>Fixed assets</b>		<b>Fixed liabilities</b>	
-----		-----	
Land	xx	Long term loan	Xx
Building	xx		
Accumulated depreciation	(xx)	Owners equity	xx
Machinery	xx	Retained earning	xx
Accumulated depreciation	(xx)	Stock holders equity	
Furniture	xx		
Accumulated depreciation	(xx)		
<b>Total assets</b>	<b>xxxx</b>	<b>Total liabilities</b>	<b>xxxx</b>

**Exercise: 9.** following balances accounts for the year ended 31/12/2000.

Cash	15000
Bank	25000
Account receivable	14000

Debtors	12000
Ending finish goods	50000
Building	65000
Land	55000
Furniture	50000
Good will	2000
Trademark	3000
prepaid expenses	5000
Accrued revenue	4000
Owners equity	200000
Owners drawing	7000
Account payable	15000
Creditors	10000
Note payable	9000
Accrued expenses	23000
Revenue received in advances	5000
Retained earning	1000

**Required: prepare balance sheet as at 31 / 12 / 2000.**

### Ways to get fixed assets

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1. Purchase cash.
2. Purchase on account.
3. Purchase some fixed assets at same value.
4. Manufacturing fixed assets.
5. Get fixed assets from others without value.

#### 1. Purchase fixed fixed assets cash

**Q10.** One company purchase machine cash with ( 150000 ID ) .  
And paid 2000 ID wages of transport, 3000 ID

expenses

Of put and fixed machine on new place cash.

**Required: record journal entry.**

#### 2. Purchase on account.

**Q11.** One company purchase machine on account 1n 1/4/1990  
with 20000 ID. cash price of machine at same date 17000 ID .

**Required: record journal entry.**

### **3. Purchase some fixed assets at same value.**

Q12. One company purchase following fixed assets with 250000 ID .

Technical of company estimated of each assets value as follow.

Land	90000
Building	75000
Furniture	60000
Machine	45000
Equipment	30000

**Required: record journal entry.**

## **4. Manufacturing fixed assets.**

### **1. Manufacturing of fixed assets by inside person.**

Q13. One company beginning to manufacturing furniture and the expenses as follow.

In 25.10.1990 purchase wood 8000 ID.

In 30.10. 1990 paid wages 10000 ID.

In 20.10.1990 paid expenses 2000 ID.

Require : record journal entry

### **2. Manufacturing of fixed assets by outside person.**

Q14. One company wanted to build one building by out side person at total cost 100000 ID. And following other information.

30. 2 .1999 20000 ID .

31.3.1999 40000 ID .

30. 4 1999 70000 ID .

31. 5 . 1999 100000 ID .

Require. Record journal entries.

### **5. Get fixed assets from others without value.**

Q15. One company get machine from others without value and the technical estimated value of machine 20000 ID.

Require. Record journal entry.

## **Depreciation of fixed assets**

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To compute the annual depreciation we need to know

1. Cost of fixed assets.
2. Life of fixed assets.
3. Residual value (scrap value).

### **Methods to compute depreciation of fixed assets.**

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#### **1. Straight line methods.**

Q16. Machine cost 16000 ID .  
Life 5 years .  
Residual value 1000 ID

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#### **2. Reducing balance methods.**

In order to compute percentage of depreciation we use following method:

$$P = 1 - v/c$$

P. percentage of depreciation .

L. life of fixed assets.

V. residual value.

C. cost of fixed assets.

**Q17.** Machine cost 10000ID.

Residual value 625 .

Operation life 4 years.

Require. Compute percentage of depreciation and annual depreciation.

#### **3. Summation of assets years' life.**

Q18. machine cost 15000 ID.  
Its life 5 years  
Require. Compute annual depreciation.

**4. percentage of depreciation per production unit.**

Q19: machine cost 16000 ID .  
Residual value 1000 ID .  
Total production 100000 unit during four years divided as follow:  
First year 25000 unit.  
Second year 25000 unit.  
Third year 20000 unit.  
Four year 30000 unit.

Require. Compute annual depreciation.

**5. percentage of depreciation per production hour.**

Q20: machine cost 7000 ID .  
Residual value 500 ID.  
Machine life 5 hour.  
Production hour 100000 ID. Divide between five years as follow:  
First year 188 hours.  
Second year 1900 hours.  
Three years 2200 hours.  
Four year 1700 hours.  
Fife years 2400 hours.

**Require. Compute depreciation per production hour.**

6. re- value

Q21: cost of equipment at 1/1 20000 ID. And the cost of equipment at 31/12 19000 ID.

Annual depreciation = 20000- 19000= 1000 ID.

**Methods to record annual depreciation**

1. Direct method.

Q22. In 2.1. 2000 One company purchase machine with 30000 ID cash and the percentage of depreciation 10% at straight line method.

**Require.1. Compute annual depreciation.**

**2. record journal entry with direct method.**

**Sales fixed assets**

Q23. One company sales one machine in 31/12/1990.it can purchase in 1/7/1982 at cost 5000 ID and following other Information:

1. Sales value 2000 ID cash.
2. Percentage of depreciation 10% at straight line method.
3. Year ended in 31/12 from each year.

**Require. Record journal enter.**

### **Exchange of fixed assets**

Q24. One company has old machine and following other information:

Machine cost 8000 ID.

Accumulated depreciation for period ended 31/ 12/1990 6000ID.

Depreciation percentage 10% at striate line method.

Company wanted to exchange machine with new machine at price 10000ID and company paid 7000 ID in additional to old machine.

**Require. Record journal enter if exchange date 30/ 9/1991.**

### **Investment**

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#### **1. Shares**

#### **Bur chase shares cash**

1. Burchase shares cash

Q25. One company purchases 400 shares with 12 ID of each share. Company paid1% commission.

Require: record journal entry

$$400 \times 12 = 4800$$

$$4800 \times 1\% = 48$$

4800 + 48 = 4848 ID  
Investment (shares) 4848  
Cash 4848  
Record purchase shares

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### **Bur chase shares one account**

Q26. In 2.1. 1990 one company purchase 500 shares and paid 20 % from value of shares in the date of purchase cash. Purchase price of each share 15 ID. Commission of purchase 1% paid in 9/ 1 /1990.

Require: record journal entry if the result value paid in three equal calls each two month.

## **Debentures**

### **1. Purchase debenture**

#### **- Purchase between periods of interest paid.**

Q27. In 1.4.1990 one company purchase 2000 debenture with 20200 ID cash .with name value of each debenture 10 ID. Debenture holding interest 4% annually paid each 6 month.

Require: record journal entry.

#### **- Purchase debenture with premium between periods of interest paid.**

Q28.in 1/4/1996 one company purchase debenture cash with 16375 ID .which value name 15000 ID. Date accrual 31/ 12/2001 which holding interest 6% annually paid 30/6 &31/12 from each year.

Require: record journal entry.

**- Purchase debenture between periods of interest paid with discount**

Q29. in 1/10/1978 debenture purchase cash with 19030 ID value name 20000 ID accrual date 31/12/1981 holding interest 4% annually paid 30/6 & 31/12 from each year.

Require: record journal entry.

### **Sales debenture**

**- Sales debenture between periods of interest paid**

Q30.in 31/3/1990 debenture sales cash with 11000 ID which value name 10000 ID holding interest 5% annually paid each 6 month every year.

Require. Record journal entry

**- Sales debenture purchase with premium between periods of interest paid**

Q31.in 1/10/2000 debenture purchase cash with 5255 ID value name 5000ID accrual date 31/12/2002 holding interest 6% annually paid in 30/6 &31/12 from each year. In 1/4/2002 all debenture sales cash with 5250 ID.

Require. Record journal entry.

### **Department account**

#### **Transfer between departments**

Q32. One company has three department 1.2.3 and following trial balance of accounts for the year ended 31/12/1990.

_____A_____	_____B_____	_____C_____
Pegging finish goods	3000	2000
		4000
Purchase goods	16000	18000
		22000
Sales	21000	24000
		30000
Ending finish goods	2000	4000
		3000

During year getting following transfer of goods between departments.

1. Goods transfer from depart A to depart B with cost at 500 ID.
2. Goods transfer from depart B to depart A with cost at 300 ID.
3. Goods transfer from depart C to depart B with cost at 100 ID.
4. Goods transfer from depart A to depart C with cost at 200 ID.

Require. 1. Record journal entry.

Q34. following trial balance of one company which has two departments for the year ended 31/12/1990.

Account	debt	credit
Beginning finish goods depart A	30000	
Beginning finish goods depart B	24000	

Purchase depart A	280000
Purchase depart B	200000
Salary depart A	20300
Salary depart B	11050
Electric	2100
Rent	8050
Bad debt	2400
Discount allowed	2500
Furniture	8000
Machine	10000
Building	50000
Cash	28600
Debtor	23000
Sales depart A	
330000	
Sales depart B	
220000	
Return purchase depart A	
6000	
Return purchase depart B	
3000	
Discount earning	
3500	

Other income		
7500		
Not payable		
1500		
Creditors		
18500		
Accumulated depreciation of furniture		
2000		
Accumulated depreciation of machines		
3000		
Accumulated depreciation of building		
5000		
Capital		
100000		
	_____	_____
	700000	700000

Following other information

1. Goods transfer from depart 1 to depart 2 with cost 2000 ID.
2. Electric expenses divided between department 1&2 with percentage 2: 1.
3. Rent divide between department 1&2 at percentage 4:3
4. Bad debt: discount allowed: discount earning: other income divide at percentage 3:4 between depart 1&2.
5. Depreciation divide equally between two department and compute as following:
  - Furniture 10% with reducing balance method.
  - Machine 15% with straight line method.
  - Building 5% with straight line method.
6. Ending finish goods 32000 ID to depart 1&23000 ID to depart 2.

Require: prepare: 1. trading account for the year ended 31/12/1990.

2. Profit & loss account for the year ended 31/12/1990.

3. Balance sheet as at 31/12/1990

## **Financial analysis**

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Ways to financial analysis:

1. Financial statement analysis
  - \* Balance sheet analysis
  - \* profit&loss account analysis
2. Comparative analysis to financial statement
  - \* comparative analysis to Balance sheet
  - \* Comparative analysis to profit&loss account
3. Comparison analysis to main number from statement
4. Strictures analysis of financial statement

Stage to financial analysis:

- \* Fingers
- \* Comparative
- \* Resulting

## **Financial ratio**

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1. Current ratio

Current ratio = current assets / current liabilities

Quick assets ratio =  $\frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$

## 2. Activity ratio

\*inventory turnover= sales / inventory

\*fixed assets turnover ratio=sales /fixed assets

\*equity turnover ratio= sales/ equity

## 3. Equity ratio

\*loan ratio=loans/equity

\*current liabilities /equity

\*current assets /loans

## 4. Profit ratio

\*net profit /sales

\*net profit / total assets

Profit and loss account for the year ended 31 / 12 /

Salary	Xx	Gross profit	Xx
Insurance	Xx	Discount earning	Xx
Telephone	Xx	Assets sales profit	Xx
Electric	Xx	Rent income	Xx
Rent expenses	Xx	Commission earning	Xx
Audit expenses	Xx	Interested earning	Xx
Sales assets loss	Xx	Shares sales profit	xx
Depreciation of office building	Xx		
Bad dept	xx		
Discount allowed	xx		
Net profit	xxxx		
	<hr/>		<hr/>
	xxxx		xxxx

# **1**

## **Intermediate account**

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## **Final account**

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### **Concept of final account**

Because the companies wanted to know the result of operation (profit or loss) at the end of each year. They prepare final accounts. Which it require in additional to record in journal” transferred or posted to ledger account “prepare trial balance. Count all the assets “inventory “cash” and bank at the end of year.

### **Purpose from prepare final accounts**

1. To distinguish between merchandise profit and other kinds of profit.
2. To compare profit of current period with profit of prior period.
3. To compare companies ordinary profit with same other companies profit
4. To calculate income tax.

### **Elements of financial statement**

1. **Assets:** probable future economic benefits obtained or controlled by particular entity as result of past transaction or events.

**2. Liabilities:** probable future sacrifices of economic benefits arising from present obligations of particular entity to transfer assets or provide service to other entities in the future as result of past transaction or events.

**3. Equity:** residual interest in the assets of entities that remains after deducting its liabilities .in business enterprise. The equity is the ownership interest.

**4. Investments by owners:** increases in net assets Of particular enterprise resulting from transfers to it from other entities Of some thing of value to obtain or increase ownership interests (or equity) in it.

**5. Distribution to owners:** decreases in net assets of particular enterprise resulting from transferring Assets “rendering services “or incurring liabilities by the enterprise to owners. Distribution to Owners decreases ownership interest (or equity) in an enterprise.

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**6. Comprehensive income:** change inequity (net assets) of an entity during period from transactions and other events and circumstances from non owner’s sources. It includes all changes in equity during period except those resulting from investments by owners and distribution to owners.

**7. Revenues:** inflows or other enhancement of assets of an entity or settlement of liabilities (or combination of both) during period from delivering or producing goods rendering services” Or other activities that constitute the entities ongoing major or central operation.

**8. Expenses:** out flows or other using up of assets or incurrence of combination of both) during period from delivering or liabilities (or producing goods “rendering services “or carrying out Other activities that constitute the entities on going major or central operations.

**9. Gains:** increases in equity (net assets) from peripheral or incidental transactions of an entity and from all other transactions and other events and circumstances affection the entity during period except those that result from revenues Or investments By Owners.

**10. Losses:** decreases in equity (net assets) from peripheral or incidental transactions of an Entity and from all other transactions and other events and circumstances affecting the Entity during period except those that result from expenses or distributions to owners.

**3**

**Final accounts in manufacturing companies**

---

**Operation statement for the year ended 31/12**

Raw material 1 / 1		XX
Purchase raw material	XX	
Returns raw material	( XX )	
Allowed raw material	( XX )	
	<hr/>	
Net purchase		XX
Transportation in	XX	
Purchase commission	XX	
Purchase taxes	XX	
	<hr/>	
Purchase expenses		XX
Ending raw material		( XX )
<b>Raw material consumed in the production</b>		<hr/> XXX
Direct wages	XX	
Primary cost	XX	
Fuel and oil	XX	
Operation supplies	XX	
Operation expense	XX	
Maintenance	XX	
indirect cost		XX
operation cost		<hr/> XXXX
work in process 1 / 1		XX
work in process 31 / 12		( XX )
production cost	<hr/>	<hr/> XXXXX

4

### Operation account for the year ended 31 / 12

Begin raw material	XX	Ending raw material	XX
Begin work in process	XX	Ending work in process	XX
Purchase raw material	XX	Return raw material	XX
Purchase commission	XX	Allowed raw material	XX
Purchase taxes	XX	production Cost ( trading account )	Xxx
Direct wages	XX		
Fuel and oil			
Telephone and electric	XXXX		XXXXX

Trading account      xx  
 Operation account    xx  
 Closing production account

---

ending raw material                      xx  
 ending work in process                    xx  
 operation account                        xx  
 Fixed above account

---

### Trading account fore the year ended 31 / 12

en Finish goods	XX	Sales	XX
Production cost	XX	Ending finish goods	XX
Sales return	XX		
Gross profit	XX		
	—————		—————
	—		XXXX
	XXXX		

Trading account                    xxx  
 Profit and loss account        xxx  
 Closing net profit

—————  
 Profit and loss account  
 Trading account  
 Closing net loss

**Exercise: 1. following balances of account for the year ended 31 /12/2000**

Sales	20000
Sales return	1500
Purchase raw material	4500
Return raw materials	500
Purchase commission	500
Purchase taxes	1500
Pegging raw material	2000
Ending raw material	1500
Pegging work in process	1800
Ending work in process	800
Direct wages	2500
Fuel and oil	400
Telephone and electric	600
Pegging finish goods	1000
Ending finish goods	500
Deprecation of manufacturing building	1000

Required: prepare for the year ended 31 / 12 / 2000

1. Operation statement
2. Operation account
3. Trading account

## 6

### 1. Operation statement

#### Operation statement for the year ended 31/12/2000

Pegging raw material		2000
Purchase raw material	4500	
Returns raw material	(500)	
Net purchase		4000
Purchase commission	500	
Purchase taxes	<b>1500</b>	
Purchase expenses		2000
Ending raw material		( 1500 )
Raw material consumed in the production		6500
Direct wages		2500
Primary cost		9000
Fuel and oil	400	
Operation expense		400
Telephone and electric	600	
Depreciation of manufacturing building	1000	
indirect cost		1600
operation cost		11000
Pegging work in process		1800
Ending work in process		( 800 )
production cost		12000

## 2. Operation account

**Operation account for the year ended 31 / 12/2000**

beginning raw material	2000	Ending raw material	1500
beginning work in process	1800	Ending work in process	800
purchase raw material	4500	Return raw material	500
purchase commission	500		
purchase taxes	1500	production Cost ( trading account )	12000
direct wages	2500		
fuel and oil	400		
telephone and electric	600		
depreciation of	1000		
manufacturing building			
	<u>14800</u>		<u>14800</u>

Trading account 12000

Operation account 12000

Closing production account

ending raw material 1500

ending work in process 800

operation account 2300

Fixed above account

## 3. Trading account

**Trading account fore the year ended 31 / 12/2000**

beginning finish goods	1000	Sales	20000
Production cost	12000	Ending finish goods	500
Sales return	1500		
Gross profit	6000		
	<u>20500</u>		<u>20500</u>

Trading account 6000



580000	2390000		580000	2390000
--------	---------	--	--------	---------

Trading account 2070000  
 Operation account 2070000  
 Closing production account

ending raw material 150000  
 ending work in process 170000  
 operation account 320000  
 Fixed above account

**2070000**

**2. Cost per unit completed = -----  
 =4.5 ID**

**460000**

**9**

**Trading account fore the year ended 31 / 12/1990**

	Unit	ID		Unit	ID
finished goods	70000	315000	Sales	450000	2800000
cost	460000	2070000	production Cost	80000	360000
profit		775000			
	530000	3160000		530000	3160000

Production unit = 530000 – 450000 = 80000 unit

Production Cost = 80000 x 4.5 = 360000 ID

Trading account 775000  
 Profit and loss account 775000  
 Closing gross profit

**Evaluation of work in process  
 Equalizer production**

Exercise: 3. from following information compute equalizer production.  
 At the beginning period 4500 unite equal 1/3 finish goods for material and operation cost

At the ending period 4000 unite equal 3/4 finish goods for material and operation cost.

Unite completed at the year 28000 unite

Equalizer production =

Production	equal		unit complete
-----		-----	
Production	28000 x 100%	=	28000
<b>Add Ending work in process 4000x3/4</b>		=	<b>3000</b>
<b>less open work in process 4500x1/3</b>		=	<b>(1500)</b>
<b>Equalizer production</b>		=	<b>-----</b>
	Equalizer production 29500		

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Exercise: 4. from following account prepare operation account.

	Unit
ID	
Begin raw material	7000
20000	
Purchase raw material	60000
180000	
Return raw material	4000
12000	
End raw material	8000
30000	
Transport in	
2000	
Direct wages	
15000	
Direct expenses	
16000	
Operation expenses	
9000	
Unite completed at the year	40000
End work in process equal 2/3 finish good	

**Operation account for the year ended 31 / 12/**

	Unit	ID		Unit	ID
raw material	7000	20000	Ending raw material	8000	30000
raw material	60000	180000	Ending work in process	23000	60000
raw material	4000	12000			
in		2000	production Cost ( unit	40000	160000
es		15000	complete )		
ences		16000			
expenses		9000			
	<b>71000</b>	<b>254000</b>		<b>71000</b>	<b>254000</b>

Ending work in process unit =  $71000 - (40000 + 8000) = 23000$  unit

Equalizer production =

Production	equal	unit complete
-----		-----
Production	40000 x 100%	= 40000
Add Ending work in process	23000x2/3	= 15000
Equalizer production		= -----
	55000	

$254000 - 30000 = 224000$  ID

$$\frac{224000}{55000} = 4 \text{ ID}$$

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### Operation profit

Exercise: 5. one company adds operation profit when transfer finish goods to inventory with 20% from production cost. And following expenses for the year ended 31/12/2000.

ID	Unit
Raw material consumed in the production	100000
300000	
Direct wages	
130000	
In direct expenses	
70000	
Sales	90000
600000	

End finish goods	20000
120000	
Begin finish goods	10000
80000	

- Require. 1. Prepare operation account  
 2. Compute production cost  
 3. Compute conversion cost per unite  
 4. Prepare trading account

1. Operation account

**Operation account for the year ended 31 / 12/ 2000**

	Unit	ID		Unit	ID
material consumed in production	<b>100000</b>	<b>300000</b>	conversion Cost	100000	600000
direct wages		<b>130000</b>			
overhead expenses		<b>70000</b>			
operation profit		100000			
	<b>100000</b>	<b>600000</b>		<b>100000</b>	<b>600000</b>

Operation profit = 500000 x 20/100 = 100000 ID

500000

2. Production cost =  $\frac{500000}{100000} = 5$  ID

600000

3. Conversion cost t =  $\frac{600000}{100000} = 6$  ID

**12**

4. Trading account

**Trading account for the year ended 31 / 12/ 2000**

	Unit	ID		Unit	ID
--	------	----	--	------	----

n finish goods	<b>10000</b>	<b>80000</b>	sales	90000	600000
ersion Cost	<b>100000</b>	<b>600000</b>	End finish goods	20000	120000
s profit		40000			
	<b>11000</b>	<b>720000</b>		<b>110000</b>	<b>720000</b>

**Trading account      40000**

**Profit & loss                      40000**

-----

**Normal & up normal spoilage**

Exercise: 6. from following account prepare operation account.

	Unit
ID	
Begin raw material	7000
28000	
Purchase raw material	15000
60000	
End raw material	4000
20000	
Direct wages	
14000	
In direct expenses	
11540	
Unite completed at the year	14000
End work in process equal 20% finish goods	1700
Normal spoilage 10% from unit consumed in the production	
Normal spoilage sales at price 4 ID per unit	
Up normal spoilage 10% as unit complete	

## Operation account for the year ended 31 / 12/

	Unit	ID		Unit	ID
raw material	<b>7000</b>	<b>28000</b>	End raw material	4000	20000
raw material	<b>15000</b>	<b>60000</b>	End work in process	1700	2040
expenses		<b>14000</b>	Unite completed	14000	84000
expenses		<b>11540</b>	Normal spoilage	1800	7200
			Up normal spoilage	500	300
	<b>22000</b>	<b>113540</b>		<b>22000</b>	<b>113540</b>

Unit consumed in the production = 22000-4000 = 18000 unit

Normal spoilage = 18000 x 10/100 = 1800 unit

Up normal spoilage = 22000 – 21500 = 500 unit

Equalizer production =

Production	equal		unit complete
Production	14000 x 100%	=	14000
<b>Add Ending work in process</b>	<b>1700x20/100</b>	=	<b>340</b>
<b>Add Up normal spoilage</b>	<b>500x10/100</b>	=	<b>50</b>
<b>Equalizer production</b>		=	-----
	14390		

Total cost = 113540 - 27200 = 86340

86340

Cost per unit = ----- = 6 ID  
14390

End work in process cost = 340 x 6 = 2040 ID

Unite completed cost = 14000 x 6 = 84000 ID

Up normal spoilage cost = 50 x 6 = 300 ID

## Final accounting in trading company

Profit and loss account for the year ended 31 / 12 /

Salary	Xx	Gross profit	Xx
Insurance	Xx	Assets sales profit	Xx
Telephone	Xx	Rent income	Xx
Electric	Xx	Commission earning	Xx
Rent expenses	Xx	Interested earning	Xx
Audit expenses	Xx	Shares sales profit	Xx
Sales assets loss	Xx		xx
Depreciation of office building	Xx		
Bad dept	Xx		
	xx		
Net profit			
	xxxx		
	<hr style="width: 50%; margin: 0 auto;"/>		
	xxxx		<hr style="width: 50%; margin: 0 auto;"/>
			xxxx

Profit and loss account	xxx
Capital account ( owners equity )	xxx
Closing net profit	

**Exercise: 7. following balances accounts for the year ended 31 / 12 / 1990.**

Beginning finish goods	4000	ID
Purchase expenses	2000	ID
Sales return	1000	ID
Purchase	11000	ID
Purchase returns	500	ID
Sales	30000	ID
Salary	3000	ID
Building depreciation	500	ID
Discount earning	2000	ID
Rent expenses	500	ID
Discount allowed	600	ID
Bad debt	400	ID
Commissions earning	1500	ID
Rent earning	500	ID
Ending finish goods	2500	ID

Require: For the year ended 31 / 12 / 1990 prepare:

1. Trading account .
2. Profit & loss account.



Capital account 12000

Close net profit

-----

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**Ex series: 8. from following accounts prepare profit & loss account for the year ended 31 / 12 / 1988.**

Gross profit	30000
Salary	10000
Rent	3600
Stationary	3000
Telephone	2300
Bad debt	1200
Sales loss of fixed assets	1300
Electric expenses	1200
Deprecation of fixed assets	1500
Insurance	500
Commission received	2000
Rent earning	4000
Sales profit of fixed assets	3000

Profit & loss account.

	<b>ID</b>		<b>ID</b>
Salary	10000	<b>Gross profit</b>	30000
Rent	3600	Commission received	2000
Stationary	3000	Rent earning	4000
Telephone	2300	Sales profit of fixed assets	3000
Bad debt	1200		
Sales loss of fixed assets	1300		
Electric expenses	1200		
Deprecation of fixed assets	1500		
Insurance	500		
<b>net profit</b>	14400		
	39000		39000

Profit & loss 14400  
 Capital account 14400  
 Close net profit  
 -----

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**Capital account for the year ended 31 / 12 /**

Net loss	Xx	Balance 1 /	Xx
Owners drawing	Xx	1	XX
	Xx	Net profit	
Balances 31. 12	----- xxxx		----- xxxx

**Balances sheet as at 31 / 12**

<b>Current assets</b>		<b>Current liabilities</b>	
	Xx	Notes payable	Xx
Bank	Xx	Account payable	Xx
Account receivable	Xx	Accrued expenses	Xx
Debtors	Xx	Revenue received in advance	Xx
Allowance for doubtful account	(xx)	Deposit received	xx
Short term investment	Xx	Creditors	
Inventory	xx		
Notes receivable	Xx		
Accrued revenue	xx		
Prepaid expenses	xx		
Good will	xx		
Trade mark	xx		
Invention	xx		
<b>Fixed assets</b>		<b>Fixed liabilities</b>	
Land	xx		
Building	xx		Xx
Accumulated depreciation	(xx)	Long term loan	
Machinery	xx		xx
Accumulated depreciation	(xx)	Owners equity	xx
Furniture	xx	Retained earning	xx
Accumulated depreciation	(xx)	Stock holders equity	
<b>Total assets</b>	<b>xxxx</b>	<b>Total liabilities</b>	<b>xxxx</b>

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**Exercise: 9.** following balances accounts for the year ended 31/12/2000.

Cash	15000
Bank	25000
Account receivable	14000
Debtors	12000
Ending finish goods	50000
Building	65000
Land	55000
Furniture	50000
Good will	2000

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Trademark	3000
prepaid expenses	5000
Accrued revenue	4000
Owners equity	200000
Owners drawing	7000
Account payable	15000
Creditors	10000
Note payable	9000
Accrued expenses	23000
Revenue received in advances	5000
Retained earning	1000

**Required: prepare balance sheet as at 31 / 12 / 2000.**

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Answer:

**Balances sheet as at 31 / 12/2000**





Building	62500
Furniture	50000
Machine	37500
Equipment	25000
Cash	250000

Enter of purchase fixed assets.

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#### 4. Manufacturing fixed assets.

##### 1. Manufacturing of fixed assets by inside person.

Q13. One company beginning to manufacturing furniture and the expenses as follow.

In 25.10.1990 purchase wood 8000 ID.

In 30.10. 1990 paid wages 10000 ID.

In 20.10.1990 paid expenses 2000 ID.

Require : record journal entry.

Answers. 25. 10 . 1990 furniture under operation 8000

Cash 8000

Purchase wood cash.

30. 10 .1990 furniture under operation 10000

Cash 10000

Paid wages cash.

20.10.1990 furniture under operation 2000

Cash 2000

Paid expenses cash.

Furniture 20000

Furniture under operation 20000

Fixed entry of furniture completed .

**2. Manufacturing of fixed assets by outside person.**

Q14. One company wanted to build one building by out side person at total cost 100000 ID. And following other information.

30. 2 .1999            20000    ID .  
 31.3.1999            40000    ID .  
 30. 4 1999            70000    ID .  
 31. 5 . 1999           100000   ID .

Require. Record journal entries.

Answers.

100000 x 5% = 5000 ID total fidelity (hold payment).

30. 2.1999 20000 x 10% = 2000 ID.

Building under build    20000

Fidelity    2000  
 Cash       18000

Paid first payment.

31. 3.1999    (40000-20000) = 20000

Building under build    20000

Fidelity    2000  
 Cash       18000

Paid second payment.

---

30.4.1999  $5000 - (2000 + 2000) = 1000$  ID.

$70000 - (20000 + 20000) = 30000$  ID.

Building under build 30000

Fidelity 1000

Cash 29000

Paid third payment.

---

31.5.1999  $100000 - (20000 + 20000 + 30000) = 30000$  ID.

Building under build 30000

Fidelity 2500

Cash 32500

Paid four and last payment.

---

Building 100000

Building under build 100000

Fixed building after completed

---

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### 5. Get fixed assets from others without value.

---

Q15. One company get machine from others without value and the technical estimated value of machine 20000 ID.

Require. Record journal entry.

Machine 20000

Fixed machine get from others without value after estimated value by technical.

---

## Depreciation of fixed assets

---

To compute the annual depreciation we need to know

1. Cost of fixed assets.
2. Life of fixed assets.
3. Residual value (scrap value).

### Methods to compute depreciation of fixed assets.

---

#### 1. Straight line methods.

Q16. Machine cost 16000 ID .

Life 5 years .

Residual value 1000 ID

Answer. Net cost = cost- residual value

$$16000 - 1000 = 15000$$

Annual depreciation = net cost/ operation life

$$15000 / 5 = 3000$$

---

#### 2. Reducing balance methods.

In order to compute percentage of depreciation we use following method:

$$P = 1 - v/c$$

P. percentage of depreciation .

L. life of fixed assets.

V. residual value.

C. cost of fixed assets.

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Q17. Machine cost 10000ID.

Residual value 625 .

Operation life 4 years.

Require. Compute percentage of depreciation and annual depreciation.

Answers.

$$P=1-1 \quad v/c$$

$$=1-4 \quad 625/10000 = 1-5/10 = 5/10 = 50\% .$$

One year = 10000 x 50% = 5000 ID .

Two year = 5000 x 50% = 2500 ID.

Three year = 2500 x 50% = 1250 ID .

Four year = 1250 x 50% = 625 ID.

### 3. Summation of assets years' life.

Q18. machine cost 15000 ID.

Its life 5 years .

Require. Compute annual depreciation.

Answers.  $1+2 + 3+4+5 = 15$

Depreciation at end of first year =  $15000 \times 5/15 = 5000$  ID.

Depreciation at end of second year =  $15000 \times 4/15 = 4000$  ID.

Depreciation at end of third year =  $15000 \times 3/15 = 3000$  ID.

Depreciation at end of fourth year =  $15000 \times 2/15 = 2000$  ID.

Depreciation at end of fifth year =  $15000 \times 1/15 = 1000$  ID.

### 4. percentage of depreciation per production unit.

Q19: machine cost 16000 ID .

Residual value 1000 ID .

Total production 100000 unit during four years divided as follow:

First year 25000 unit.

Second year 25000 unit.

Third year 20000 unit.

Four year 30000 unit.

Require. Compute annual depreciation.

Answer.  $16000-1000 = 15000$  ID.net cost

$15000 / 100000 = 0.15$ .

First year =  $25000 \times 0.15 = 3750$  ID.

second year =  $25000 \times 0.15 = 3750$  ID.

three year =  $20000 \times 0.15 = 3000$  ID.

Four year =  $30000 \times 0.15 = 4500$  ID.

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### 5. percentage of depreciation per production hour.

Q20: machine cost 7000 ID .

Residual value 500 ID.  
 Machine life 5 hour.  
 Production hour 100000 ID. Divide between five years as follow:  
 First year 188 hours.  
 Second year 1900 hours.  
 Three years 2200 hours.  
 Four year 1700 hours.  
 Five years 2400 hours.

**Require. Compute depreciation per production hour.**

Answer.  $7000 - 500 = 6500$  ID net cost.

$6500 / 10000 = 0.65$  ID per hour.

First year =  $1800 \times 0.65 = 1170$  ID.

Second year =  $1900 \times 0.65 = 1235$  ID.

Three year =  $2200 \times 0.65 = 1430$  ID.

Four year =  $1700 \times 0.65 = 1105$  ID.

Five year =  $2400 \times 0.65 = 1560$  ID.

re- value

(اعادة التقييم).

Q21: cost of equipment at 1/1 20000 ID. And the cost of equipment at 31/12 19000 ID.

Annual depreciation =  $20000 - 19000 = 1000$  ID.

**Methods to record annual depreciation**

1. Direct method.

Q22. In 2.1. 2000 One company purchase machine with 30000 ID cash and the percentage of depreciation 10% at straight line method.

**Require.1. Compute annual depreciation.**

**2. record journal entry with direct method.**

Answer.

$30000 \times 10\% = 3000$  ID annual

depreciation.

Depreciation	3000
Machine	3000
Annual depreciation	

2. In direct method

To record above example with in direct method.

Accumulated depreciation 3000

3000  
Depreciation

### Sales fixed assets

Q23. One company sales one machine in 31/12/1990.it can purchase in 1/7/1982 at cost 5000 ID and following other Information:

1. Sales value 2000 ID cash.
2. Percentage of depreciation 10% at straight line method.
3. Year ended in 31/12 from each year.

**Require. Record journal enter.**

Answer.

$5000 \times 10\% = 500$  ID annual depreciation.

$1.7.1982 - 31.12.1982 = 500 \times 6/12 = 250$   
ID.

$1.1.1983 - 31.12.1989 = 500 \times 7 = 3500$  ID.

$1.1.1990 - 31.3.1990 = 500 \times 3/12 = 125$  ID.

Sales machine account    5000

Machine    5000

Close machine cost

---

Accumulated depreciation =  $3500 + 250 = 3750$  ID.

Accumulated depreciation 3750

Sales machine account    3750

Close accumulated depreciation.

---

Depreciation 125

Sales machine 125

Close depreciation

---

Cash 2000

Machine sales 2000

Fixed sales value.

---

31.12.1990 profit & loss account 125

sales Machine 125

Close depreciation

---

Machine sales 875

Profit&loss 875

Close profit of machine sales.

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Machine sales account	
5000 machine 875 profit& loss	3750 accumulated 2000 cash 125profit&loss
<hr/> 5875	<hr/> 5875

**Exchange of fixed assets**

Q24. One company has old machine and following other information:

Machine cost 8000 ID.

Accumulated depreciation for period ended 31/ 12/1990 6000ID.

Depreciation percentage 10% at striate line method.

Company wanted to exchange machine with new machine at price 10000ID and company paid 7000 ID in additional to old machine.

**Require. Record journal enter if exchange date 30/ 9/1991.**

Machine sales 8000

Machine 8000

Close account of old machine

---

Accumulated depreciation 6000

Machine sales 6000

Closed accumulated of depreciation

---

Machine 10000

Machine sales 3000

Cash 7000

Record of new machine

$8000 \times 9/12 \times 10 / 100 = 600$

---

Depreciation 600

Machine sales 600

Record depreciation

### Machine sales account

8000	machine	6000	accumulated
1600	profit& loss	3000	machine
		600	depreciation
			<hr/>
			9600
	<hr/>		
	9600		

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## Investment

( يقصد بالاستثمارات تشغيل الفائض النقدي لغرض الحصول على حصص من الارباح او الفوائد او للسيطره على منشاه اخرى وجعلها تابعه لها ) .  
وتقسم الاستثمارات الى الاسهم والسندات والاستثمارات المتفرقه الاخرى كبوالص التامين :

### 1. Shares

( هي الحقوق التي تسبغها الاسهم على مالكيها في موجودات الشركه عند التصفيه وفي التصويت في اجتماع الهيئه والحق في استلام حصص الارباح ) .

انواع الاسهم .

1. من حيث الحقوق تقسم الى:
  - اسهم ممتازه بسيطه( تمتاز هذه الاسهم باسبقية حصول صاحبها على الارباح قبل غيره ) .
  - اسهم ممتازه مانحه للارباح ( تمتاز باحقية صاحبها بالمطالبه بحصة اسهمه من ارباح السنوات السابقه) .
  - اسهم ممتازه ( تمتاز بالاضافه الى اسبقية الحق بالحصول على الارباح تمنح الحق بقبض قيمة الاسهم من اموال الشركه عند تصفيتها قبل غيره ) .
  - اسهم ممتازه متقاسمه للارباح( اصحاب هذه الاسهم يمتازون بالاضافه الى ما سبق حق مقاسمة الارباح الفائضه بعد التوزيع) .
  - اسهم ممتازه قابله للاستعمال(يحق لحاملها استبدالها باسهم اخرى شريطه ان تكون غير ممتازه) .

- اسهم عاديه ممتازه ( لحملة هذه الاسهم الحق في الحصول على ارباح اسهمهم بعد دفع حصة الاسهم الممتازه الاخرى وقبل توزيع حصص الاسهم الاخرى).
- اسهم عاديه (ليس لحملة هذه الاسهم اي امتياز سوى الحصول على الارباح المتتيقه بعد توزيع حصص الاسهم الممتازه).
- 2 . من حيث الملكيه:
- اسهم اسميه ( يحمل اسم صاحبه وجنسيته وتسجل باسمه البيع يتم بعلم الشركه.
- اسهم لحاملها) تكون هذه الاسهم متسلسله يمكن بيعها الى شخص اخر دون الرجوع الى الشركه المصدره).
- 3 . من حيث طريقة التسديد:
- اسهم نقدية (يقصد بها الاسهم التي تسدد قيمتها نقدا بدفعه واحده او باقساط).
- اسهم عينية ( وهي الاسهم التي تسدد قيمتها باموال عينية).

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## **Investment**

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### **1. Shares**

#### **Bur chase shares cash**

##### 1. Burchase shares cash

Q25. One company purchases 400 shares with 12 ID of each share. Company paid 1% commission.

Require: record journal entry

$$400 \times 12 = 4800$$

$$4800 \times 1\% = 48$$

$$4800 + 48 = 4848 \text{ ID}$$

Investment (shares) 4848

Cash                      4848

Record purchase      shares

**Bur chase shares one account**

Q26. In 2.1. 1990 one company purchase 500 shares and paid 20 % from value of shares in the date of purchase cash. Purchase price of each share 15 ID. Commission of purchase 1% paid in 9/ 1 /1990.

Require: record journal entry if the result value paid in three equal calls each two month.

2/1/1990 500 x15=7500

7500x1%=75

7500x20%=1500

	Investment (shares) 7500	
Creditor	6000	
		Cash 1500
		record purchase shares

9/1/1990 investment 75

Cash 75  
Paid purchase commission

6000 /3=2000 each call

2/2/1990 first 2000

Cash 2000	
Paid second	call

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2/4/1990 creditor 2000

Cash 2000	
Paid second	call

2/6/1990 creditor 2000

Cash 2000  
Paid

three calls

## Debentures

- تعرف السندات بانها تعهد بدفع مبلغ القرض والفوائد عندما يحين موعد استحقاقها.  
الفرق بين الاسهم والسندات:
1. السهم حصه في راس المال اما السند حصه في القرض.
  2. قد لا توزع ارباح لحاملها اذا كانت الشركه المصدرة خاسره اما فوائد السندات فيجب توزيعها في الموعد المحدد.
  3. لا يجوز اصدار الاسهم باقل من قيمتها الاسمييه ويجوز ذلك بالنسبه للسندات.
  4. عند التصفيه يحصل حملة السندات قيمة السندات من اموال الشركه قبل المساهمين.
  5. عند تسديد قيمة السهم يجب ان تسدد ربع قيمتها على الاقل عند الاكتتاب ولا يشترط ذلك بالنسبه للسندات.

## انواع السندات

1. السندات المضمونه: في حالة عدم كفاية رصيد الشركه (الموجودات) يقدم ضمان طرف ثالث.
2. السندات المضمونه برهن: تكون هذه السندات مضمونه برهن الموجودات.
3. السندات غير المضمونه: لا تحمل هذه السندات اي ضمان وغالبا تصدر عن طريق الشركات التي يكون مركزها المالي جيد.
4. سندات الدخل: الفوائد تدفع عند تحقيق الارباح فقط.
5. السندات المشاركه: تمتاز بالاضافه الى استحقاقها للفوائد المشاركه لحملة الاسهم بتوزيع نسب الارباح.
6. السندات القابله للتمويل: تمتاوا بامكانية تحويلها الى اسهم مصدره من قبل نفس الشركه.

## Debentures

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### 1. Purchase debenture

#### - Purchase between periods of interest paid.

Q27. In 1.4.1990 one company  
purchase 2000 debenture with 20200 ID cash .with name value  
of each debenture 10 ID. Debenture holding interest 4%  
annually paid each 6 month.

Require: record journal entry.

$$2000 \times 10 = 20000$$

$$20000 \times 4 / 100 \times 3 / 12 = 200$$

20200 - 200 = 20000 ID cost of debenture

1.4 debenture 20000

Interest 200

Cash 20200

Purchase debenture

---

30/6 cash 400

Interest 400

---

31/12 cash 400

Interest 400

---

31/12 interest 600

---

**- Purchase debenture with premium between periods of interest paid.**

Q28.in 1/4/1996 one company purchase debenture cash with 16375 ID .which value name 15000 ID. Date accrual 31/12/2001 which holding interest 6% annually paid 30/6 &31/12 from each year.

Require: record journal entry.

Answer. Period from 1/4/1996 to 31/12/2001=11.5

15000 x3/12 x6/100=225 ID interest

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1/4/1996    Debenture 16150  
                   Interest     225  
                   Cash         16375  
 Purchase debenture with premium

---

30/6/1996    1150/11.5=100  
                   Cash     450  
                   Debenture 50  
                   Interest    400

31/12/1996    Cash    450  
                   Debenture 100  
                   Interest    350

---

31/12/1996    interest 525  
                   P&L     525

---

30/6/1997    Cash    450  
                   Debenture 100  
                   Interest    350

---

31/12/1997 Cash 450  
Debenture 100  
Interest 350

---

31/12/1997 interest 700  
p &L 700

---

30/6/1998 Cash 450  
Debenture 100  
Interest 350

---

31/12/1998 Cash 450  
Debenture 100  
Interest 350

---

31/12/1998 interest 700  
p &L 100

---

30/6/1999 Cash 450  
Debenture 100  
Interest 350

---

31/12/1999 Cash 450  
Debenture 100  
Interest 350

---

31/12/1999 interest 700  
p &L 700

---

30/6/2000 Cash 450  
Debenture 100  
Interest 350

---

31/12/2000 Cash 450  
Debenture 100

---

	Interest 350
31/12/2000	<hr/> interest 700 p &L 700
30/6/2001	<hr/> Cash 450 Debenture 100 Interest 350
31/12/2001	<hr/> Cash 450 Debenture 100 Interest 350
31/12/2001	<hr/> interest 700 P &L 700

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**- Purchase debenture between periods of interest paid with discount**

Q29. in 1/10/1978 debenture purchase cash with 19030 ID value  
name 20000 ID accrual date 31/12/1981 holding interest 4%  
annually paid 30/6 & 31/12 from each year.

Require: record journal entry.

1/10/1978     20000 x 4/100 x 3/12 = 200

Debenture 18830

Interest     200

Cash 19030

---

31/12/1978     20000 - 18830 = 1170 / 6.5 = 180

Cash     400

Debenture 90

Interest 490

---

31/12/1978 interest 290  
P&L 290

---

30/6/1979 cash 400

Debenture 180

Interest 580

---

31/12/1979 cash 400

Debenture 180

Interest 580

---

31/12/1979 interest 1160  
P&L 1160

---

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30/6/1980 cash 400

Debenture 180

Interest 580

31/12/1980 cash 400

---

Debenture 180

Interest 580

---

31/12/1980 interest 1160  
P&L 1160

30/6/1981 cash 400

Debenture 180

Interest 580

31/12/1981 cash 400

Debenture 180

Interest 580

---

31/12/1981 interest 1160  
P&L 1160

---

**Sales debenture**

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**- Sales debenture between periods of interest paid**

Q30.in 31/3/1990 debenture sales cash with 11000 ID which value name 10000 ID holding interest 5% annually paid each 6 month every year.

Require. Record journal entry

31/12/1990       $10000 \times 3/12 \times 5/100 = 125$

Cash    11000

Debenture 10000

Interest    125

P&L        875

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**- Sales debenture purchase with premium between periods  
of interest paid**

Q31.in 1/10/2000 debenture purchase cash with 5255 ID value  
name 5000ID accrual date 31/12/2002 holding interest 6%  
annually paid in 30/6 & 31/12 from each year. In 1/4/2002 all  
debenture sales cash with 5250 ID.

Require. Record journal entry.

1/10/2000       $5000 \times 6/100 \times 3/12 = 75$

Debenture 5180

Interest    75

Cash 5255

cash 150

31/12/2000     $180/4.5 = 40$

Debenture 20

Interest    130

---

31/12/2000    interest 55

P& L    55

---

30/6/2001                      cash 150  
    Debenture 40  
    Interest    110

---

31/12/2001                    cash 150  
    Debenture 40  
    Interest    110

---

31/12/2000    interest 220

P& L   220

---

31/3/ 2002 accrued interest 75

    Debenture 20  
    Interest 55

---

1/4/2002    cash 5250

    Debenture 5060

    Interest 75  
    P&L 115

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**Department account**

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**Transfer between departments**

Q32. One company has three department 1.2.3 and following trial balance of accounts for the year ended 31/12/1990.

1

2

3

Pegging finish goods	3000	2000
		4000
Purchase goods	16000	18000
		22000
Sales	21000	24000
		30000
Ending finish goods	2000	4000
		3000

During year getting following transfer of goods between departments.

1. Goods transfer from depart 1 to depart 2 with cost at 500 ID.
2. Goods transfer from depart 2 to depart 1 with cost at 300 ID.
3. Goods transfer from depart 3 to depart 2 with cost at 100 ID.
4. Goods transfer from depart 1 to depart 3 with cost at 200 ID.

Require. 1. Record journal entry.

2. Prepare account of goods transfer from and to department.

3. Prepare trading account for the year ended 31/12/1990.

**Answer:**

Goods transfer to depart 2 500

Goods transfer from depart 1 500

Transfer goods from depart 1 to 2

---

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Goods transfer to depart 1 300

Goods transfer from depart 2 300

Transfer goods from depart 2 to 1

---

Goods transfer to depart 2 100  
 Goods transfer from depart 3 100  
 Transfer goods from depart 3 to 2

---

Goods transfer to depart 3 200  
 Goods transfer from depart 1 200  
 Transfer goods from depart 1 to 3

---

31/12/1990 goods transfer from department 1100

Depart 1 700

Depart 2 300

Depart 3 100

Trading account 1100

Closing goods transfer from department in trading account

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31/12/1990 trading account 1100

Goods transfer to department 1100

Depart 2 600

Depart 1 300

Depart 3 200

Closing goods transfer to department in trading account

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### Journal of goods transfer between departments

data	total	Transfer to department			Transfer from department		
		1	2	3	1	2	3

Goods from 1 to 2	500		500		500		
Goods from 2 to 1	300	300				300	
Goods from 3 to 2	100		100	200			
Goods from 1 to 3	200				200		100
	1100	300	600	200	700	300	100

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Account of goods transfer from department s

1	2	3	total	data	1	2	3	total	data
700	300	100	1100	To trading account	500	300	100		Goods transfer to 2
					200				Goods transfer to 1
									Goods transfer to 2
									Goods transfer to 3
700	300	100	1100		700	300	100	1100	

Account of goods transfer to department s

1	2	3	total	data	1	2	3	total	data
300	500		500	Goods transfer from trading account	300	600	200	1100	
	100		100	Goods transfer from 1					
		200	200	Goods transfer from 2					
				Goods transfer from 3					
300	600	200	1100	Goods transfer from 1	300	600	200	1100	

Trading account for the year ended 31/12/1990

2	3	total	data	1	2	3	total	data
2000	1000	6000	Beginning finish goods	21000	24000	30000	75000	sales
3000	22000	56000	Purchase goods	2000	4000	3000	9000	ending finish goods
600	200	1100	Goods transfer to depart	700	300	100	1100	goods transfer from depart
7700	9900	22000	Gross profit					

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### Divide expenses between departments

Q33. From the following information prepare profit & loss account for the year ended 31/12/1998 to the company which content from three departments 1 & 2 & 3

Gross Profit for three departments as follows:

Depart 1	10000
Depart 2	8000
Depart 3	5000
Wages	3400
Salary	5100
Electric	680
Rent	3400
Building depreciation	2040
Stationary	600
Other income	2700
Bad debt	340

The expenses divide between departments as follows:

1. Wages & salary & bad debt divided with sales of department

Which it 60000 & 66000 & 78000 ID for three department.  
 2. Electric for each department divided with electric expenses of each department  
 4000 & 4400 & 5200 ID.



Beginning finish goods depart 1	30000
Beginning finish goods depart 2	24000
Purchase depart 1	280000
Purchase depart 2	200000
Salary depart 1	20300
Salary depart 2	11050
Electric	2100
Rent	8050
Bad debt	2400
Discount allowed	2500
Furniture	8000
Machine	10000
Building	50000
Cash	28600
Debtor	23000
Sales depart 1	
330000	
Sales depart 2	
220000	
Return purchase depart 1	
6000	

Return purchase depart 2

3000

Discount earning

3500

Other income

7500

Not payable

1500

Creditors

18500

Accumulated depreciation of furniture

2000

Accumulated depreciation of machines

3000

Accumulated depreciation of building

5000

Capital

100000

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700000

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700000

Following other information

1. Goods transfer from depart 1 to depart 2 with cost 2000 ID.
2. Electric expenses divided between department 1&2 with percentage 2: 1.
3. Rent divide between department 1&2 at percentage 4:3
4. Bad debt: discount allowed: discount earning: other income divide at percentage 3:4 between depart 1&2.
5. Depreciation divide equally between two department and compute as following:
  - Furniture 10% with reducing balance method.
  - Machine 15% with straight line method.
  - Building 5% with straight line method.
6. Ending finish goods 32000 ID to depart 1&23000 ID to depart 2.

Require: prepare: 1. trading account for the year ended 31/12/1990.

2. Profit & loss account for the year ended 31/12/1990.

3. Balance sheet as at 31/12/1990.

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## **Financial analysis**

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Ways to financial analysis:

1. Financial statement analysis
  - \* Balance sheet analysis
  - \* profit & loss account analysis
2. Comparative analysis to financial statement
  - \* comparative analysis to Balance sheet
    - \* Comparative analysis to profit & loss account
3. Comparison analysis to main number from statement
4. Structures analysis of financial statement

Stage to financial analysis:

- \* Fingers
- \* Comparative
  - \* Resulting

## **Financial ratio**

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## 1. Current ratio

Current ratio=current assets/ current liabilities

Quick assets ratio= current assets-inventory/current liabilities

## 2. Activity ratio

\*inventory turnover= sales / inventory

\*fixed assets turnover ratio=sales /fixed assets

\*equity turnover ratio= sales/ equity

## 3. Equity ratio

\*loan ratio=loans/equity

\*current liabilities /equity

\*current assets /loans

## 4. Profit ratio

\*net profit /sales

\*net profit / total assets

