

**16- State whether the following statements are True or False:**

- (1) Financial statements are the group of two statements: trading A/c and profit and Loss a/c.
- (2) Trading A/c gives result of gross profit earned or gross loss suffered in the trading year.
- (3) Trading A/c is prepared on the basis of indirect expenses and revenues.
- (4) Debit balance of trading A/c indicates gross loss.
- (5) Credit balance of trading A/c shows gross profit.
- (6) Profit and Loss A/c is prepared on the basis of direct expenses and revenues.
- (7) Debit balance of P.L A/c shows net profit.
- (8) Credit balance of P/L A/c indicates net profit.
- (9) Balance sheet is a statement and not an account.
- (10) If Trial Balance is not tallied, balance sheet prepared on it, will not be balanced.

**Answers of question (10):**

No	a	b	c	d
(1)		x		
(2)	x			
(3)	x			
(4)	x			
(5)				x
(6)			x	
(7)				x

(8)			x	
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➤ **Answers of questions (11,12,13,,14,15,16):**

No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>11</b>	c	a	a	c	b	b	c	c	---	---
<b>12</b>	c	d	c	a	b	a	a	b	c	c
<b>13</b>	e	f	d	a	c	b	---	---	---	---
<b>14</b>	c	e	d	b	f	a	---	---	---	---
<b>15</b>	F	F	T	T	T	T	---	---	---	---
<b>16</b>	F	T	F	F	F	F	T	F	T	T

**Exercises**

**1- Prepare cash account from the following transactions:-**

- 1.1.2012 Purchased goods for cash IQD 2000000.
- 5.1.2012 Sold goods for cash IQD 20000000.
- 25.1.2012 Paid salaries IQD 3000000
- Balance the account on 31.1.2012.

**2- Pass journal entries in each of the following cases**

- (1) Purchased goods from Jabber for cash IQD 1000000 and he allowed a cash discount of IQD 50000.
- (2) Sold goods to Nasser for cash IQD 800000 and allowed for him IQD 50000 as discount on sales.

*3-PREPARE CASH ACCOUNT AND BALANCES IT ON 31<sup>ST</sup> MARCH 2012.*

<u>2012</u>	<u>IQD</u>
March 1. Opening balance of cash	3200000
5. Cash sales	4000000
6. Cash purchases from Tahseen	2000000
8. Paid for advertisement	200000
9. Paid for News papers	120000
10. Received from Hashim	1650000
12. Paid Telephone Bill	250000
22. Sold goods to kareem	6700000
28. Received cash from kareem in full settlement	6500000

**4-Enter the following transactions in the journal of Walled and prepare the necessary ledger accounts and balance them as on 30<sup>th</sup> April 2012.**

April .1 Walled brought cash IQD 10000000 stock worth IQD 7000000 into his business.

April 7. Purchased office Furniture for cash IQD 2000000

April 12. Bought stationery on credit from Mr. Ismail IQD 50000

April 18. Sold goods to Ahmed for IQD 1000000

April 24. Received cash from Salam IQD 2000000.

April 26. Paid commission to Sammy IQD 250000

April 30. Paid salaries for the Month of April IQD 1500000.

**5- Pass Journal entries of the following transactions and prepare necessary ledger accounts. Balance the ledger accounts on 28<sup>th</sup> February 2012.**

Feb. 1 2012 Started business with cash IQD 10000000 and machinery worth IQD 5000000.

5. Purchased Car for IQD 5000000.

8. Cash purchases IQD 2000000.

10. Purchased goods from Khalid IQD 8000000.

20. Paid Travelling expenses IQD 100000.

25. Sold goods for IQD 15000000.

**6- The following balances extracted from the books of Ibrahim as on 31<sup>st</sup> December 2011**

Names of Accounts	IQD	Names of Accounts	IQD
OPENING STOCK	15000	PRINTING AND STATIONERY	3400
BILLS PAYABLE	6000	INSURANCE	750
ACCRUED WAGES	1700	SALARIES	10000
PURCHASES	45700	CREDITORS	12000
WAGES	9900	BANK OVERDRAFT	3000
MARKETABLE SECURITIES	3500	POSTAGE AND TELEPHONE	700
SALES	79800	MACHINERY	26800
CAPITAL	65000	FURNITURE	6400
CARRIAGE INWARDS	2600	DEBTORS	25000
CARRIAGE OUTWARDS	2000	CASH AT BANK	10500
BAD DEBTS	250	ADVERTISEMENT	2000
BILLS RECEIVABLE	4000	RESERVES	1000

**Required:** Prepare a trial balance.

**7- From the following information prepare a Trial Balance as on 31<sup>st</sup> March 2012:**

Particulars	IQD
Assets	10000000
Capital	8000000
Commission payable	2000000
Discount receivable	1000000
Discount Allowed	1000000
Drawings	2500000
Purchases	12000000
Rent	3000000
Rent Payable	2000000
Sales	20000000
Sundry Expenses	500000

**8- The following information is extracted from Hassan's Books as on 31st December 2011 (Amounts in thousands).**

Particulars	<u>IQD</u>
Purchases	20500
Sales	22000
Returns Inwards	1800
Returns Outwards	1000
Carriage Inward	600
Carriage Outward	400
Bank Overdraft	5400
Loan	1200
Commission (Dr.)	800
Drawings	2000
Marketable Securities	8000
Debtors	12000
Creditors	4000
Lighting	1000
Cash in hand	4500
Capital	18000

**Required:** Prepare a Trial Balance.

**9-** Enter the following transactions in a Journal and prepare Ledger accounts. Also balance the ledger accounts and draw a Trial Balance:-

2012	particulars	IQD
March.		
1	Started business with cash	25000000
4	Cash Deposited in AL-Rasheed Bank	10000000
8	Purchased goods for cash	7000000
12	Purchased goods from Bushra Stores	5000000
15	Sold goods to Maher	8000000
16	Purchased goods from Amar	12000000
20	Cash paid to Bushra	4000000
22	Received cash from Maher	8000000
23	Cash withdrawn from the Bank for office use	5000000
24	Purchases made by cheque	2000000
25	Cash sales	15000000
26	Cash Purchases	2000000
27	Paid office rent	1500000
29	Paid salaries	2000000

10- Journalize the following transactions and prepare necessary ledger accounts and draw a Trial Balance:-

<u>2012</u>		<u>IQD</u>
Jan. 1.	Started business with cash	15000000
2.	Sold goods for cash	25000000
4.	Purchased goods from Abdul-Kareem	10000000
6.	Purchased goods	5000000
12.	Cash withdrew from the Bank for Personal use	12000000
15.	Paid to Abdul- Kareem	10000000
16.	Sold goods to Hytham and received a cheque	7800000
19.	The above cheque deposited in the bank	7800000
20.	Purchased Furniture from Shareef	2000000
22.	Purchased goods from Amine	5000000
25.	Cash received as loan from Amine	3000000
26.	Paid General expenses	2000000
28.	Paid wages	100000
30.	Purchased Machinery for cash	1500000
31.	Paid wages for the erection of new Machinery	100000

11- Razak started business on 1st January 2012 with IQD 5000000 as cash in hand, IQD 25000000 in Bank account, IQD 8000000 as stock in hand, and IQD 10000000 as the value of Furniture. His transactions for the month were as follows:-

<u>2012</u>		<u>IQD</u>
Jan. 1.	Bought goods from Hider on credit	15000000
5.	Paid Travelling expenses	500000
7.	Sold goods to Nasser for cash	2500000
15.	Paid cash to Hider	10000000
17.	Cash purchases	8000000
17.	Cash sales	25000000
20.	Deposited into bank	5000000
20.	Bought goods from Salam on account	1500000
23.	Paid for postage and stationery	50000
25.	Paid cash to Salam	1300000
28.	Paid for Advertisement	250000
31.	Paid for Sundry Expenses	200000

Required:

Pass Journal entries for the above transactions and prepare necessary ledger accounts, balance them, and prepare Trial balance on 31<sup>st</sup> Jan. 2012.



12-The following information about the first half of 2012 for Quick meal restaurant:

<u>Particulars</u>	<u>Amounts IQD</u>
Purchases	10000
Sales	25000
Purchases returns	1000
Sales returns	6000
Opening stock	6000
Closing stock	4000
Freight – in	2000
Selling expenses	3000
Administrative expenses	500

**Required:**

A: Determine the following:

- 1- The cost of goods purchased.
- 2- The cost of goods sold.
- 3- Gross profit.
- 4- Net income.

B: Prepare trading account for quick meal for the half ended June 30, 2012.

C: Record the closing entries.

13- The following balances are showed at Dec. 31, 2011 for Bilady company:

Particulars	Amounts IQD
Merchandise stock 1/1	15000
Sales	101000
Sales returns	1000
Debtors (Accounts receivables)	7000
Purchases	60000
Freight - in	2000
Fright - out	4000
Cash	21000
Equipments	20000
Administrative expenses	7000
Notes receivables	12000
Creditors (Accounts payable)	5000
Notes payable	1000
Capital	????
Closing stock at cost	20000
Closing stock at market	18000

**Required:**

- 1- Prepare the trial balance at the end of 2011.
- 2- Prepare trading account, profit and loss account for the year ended Dec. 31, 2011
- 3- Prepare the balance sheet as of Dec. 31, 2011.
- 4- Record the closing entries.

③③③③③③③③③



**PART II  
BUSINESS  
CORRESPONDENCES**

**Chapter**  
**(4)**  
**An Introduction**  
**to Business Correspondences**

- **Definition of Business Correspondences.**
- **The Qualities required by a good Business Letters.**
- **The parts of Business Letters.**
- **Correspondences by internet**

## CHAPTER

(4)

### AN INTRODUCTION

### TO BUSINESS CORRESPONDENCES

مدخل للمراسلات التجارية

**Commercial correspondences or business letters are a written communication between two parties. Businessmen may write letters to supplier of goods and also receive letters from the suppliers. Customers may write letters to businessmen seeking information about availability of goods, price, quality, sample etc. or place order for purchase of goods. Thus, business letters may be defined as a media or means through which views are expressed and ideas or information is communicated in writing in the process of business activities.**

The business letters are the principal mean used by firms to keep-in relations with their customers and suppliers, so they are very important for a businessman to know how to write an effective business letter.

A- DEFINITION OF BUSINESS CORRESPONDENCES تعريف المراسلات التجارية

The whole secret behind good business letter-writing is to write simply, in an easy and natural way, which makes the letter sounds as much as possible like good conversation (محادثة).

1- Definition of a Business Letter تعريف الرسالة التجارية

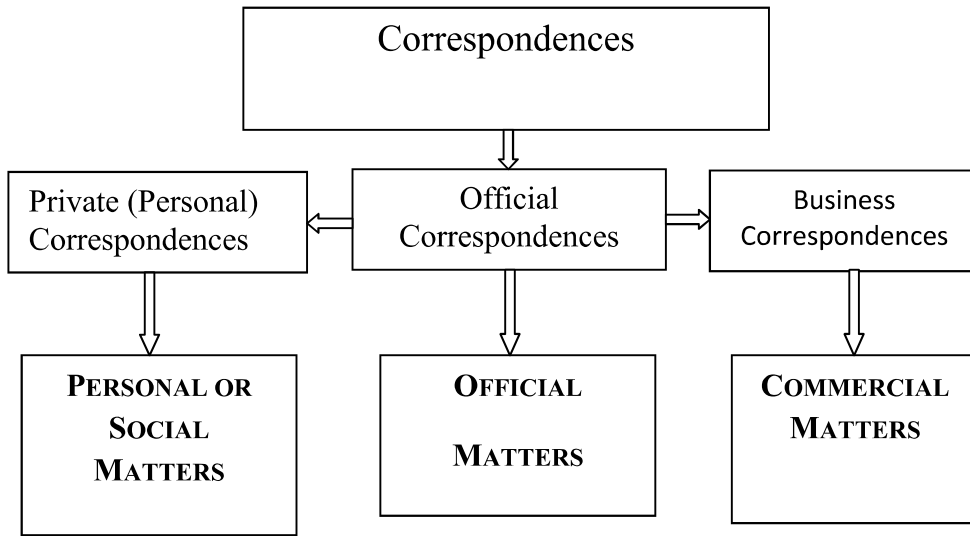
A business letter is defined as "a message that attempts (تحاول) to influence its reader to take some actions or attitudes desired by the sender".

In other words the correspondent tries to get his reader to agree with him, this attempt at agreement should always be part of the letter, whether the desired result is an immediate importance, such as collecting of a bill, or it is an intangible attitude like goodwill (السمعة، الشهرة).

2- Kinds of Correspondences انواع المراسلات

There are three kinds of correspondences as shown are designed in following figure:

**Figure (5)**



**(A) Private (personal) correspondences** المراسلات الخاصة

They are defined as letters exchanged between friends, relatives, and acquaintances (احد المعارف) for personal or social matters.

**(B) Official correspondences** المراسلات الرسمية

They are defined as letters exchanged between governmental institutions, offices or agencies, at the national or local levels, concerning official matters.

**(C) Business Correspondences** مراسلات الأعمال

They are defined as letters exchanged between business firms or businessmen, Sellers and Buyers, or they are exposed to carry out (ينفذ) commercial transactions.

**3- Functions of Business Letters** وظائف رسائل الأعمال

**Business letters have three general functions:**

- a- They provide (give) information to the reader.
- b- They obtain (get) information from the reader.
- c- They build goodwill for the sender.

**Goodwill is defined as" the disposition of customers to return to the place where they have been treated well", also it can be defined as "a feeling of confidence in a firm that makes a customer trades with rather than with another".**