

## Questions and Exercises

1- Define the following:-

- (1) Accounting cycle.
- (2) Business Transaction
- (3) Accounting Transaction

2- Arrange the steps of accounting cycle.

3- Choose the correct Answer

(1) Interest expense is an example on ..... accounts.

- a. real.
- b. personal.
- c. nominal.
- d. all of the above.

(2) If a company purchased building cash:

No.	Assets	Liabilities	Owner's equity
a	Increase	Increase	-----
b	Increase	-----	Increase
c	Increase Decrease	-----	-----
d	-----	Increase	Decrease

(3) Business transaction is an accounting transaction if:

- a. It effects on balance sheet elements.
- b. There is a real exchange with outside party.
- c. Both (a) and (b).



(8) When the owner drew goods for his personal use at cost we credit:

- a. Drawings A/c
- b. sales A/c
- c. purchases A/c
- d. capital A/c

(9) We debit ..... account when we repay the loan.

- a. Loan
- b. interest expense
- c. cash
- d. capital

(10) Credits:

- a. Increase both assets and liabilities.
- b. Decrease both assets and liabilities.
- c. Increase assets and decrease liabilities.
- d. Decrease assets and increase liabilities.

(11) All the following account has credit normal balance **except:**

- (a) Revenues (b) Liabilities (c) Gains (d) Losses

(12) All of the following represents outside party that interest in accounting reporting **except:**

- e. Management.
- f. Debtors
- g. Creditors.
- h. Taxation authorities.

**4- State whether the following statements are “True” or “False” :-**

- (1) Real A/c is debited when it is sold.
- (2) Nominal A/c, is A/c of a person.
- (3) Depreciation A/c is a nominal A/c.
- (4) Goodwill A/c is a real A/c.
- (5) Accrued wages A/c is a nominal A/c.
- (6) Buildings A/c is a personal A/c.
- (7) Advertisement A/c is a nominal A/c.
- (8) Debtor's A/c is a real A/c.
- (9) Bad debts A/c is a personal A/c.
- (10) Printing and stationery A/c is a nominal A/c.

**5- Prepare a table with columns, headed (1) Personal (2) Real (3) Nominal, and contains the following accounts:-**

- (1) Basrah Oil Company
- (2) Machinery
- (3) AL-Sadoon Hospital
- (4) Building
- (5) Advertising
- (6) Electricity charges
- (7) Land
- (8) Stationery
- (9) Salaries
- (10) Interest.

**6- Discuss the classification of an account and write an explanatory notes on (1) personal A/c (2) Real A/c (3) Nominal A/c**

**7- Explain the rules of journalisation for debiting and crediting the personal A/c, Real A/c and nominal A/c.**

**8- What is meant by double entry system?**

**9-** The following information are extracted from the books of trading Ibrahim & Sons (Amounts in IQD Thousands)

- January 1, 2012 he commenced his business by cash IQD 125000.
- June 30, 2012 he made a periodic inventory for his assets and liabilities as follow:
- Assets: cash 12000, debtors 8000, goods 15000, furniture 5000, cars 20000, equipments 10000, building 55000.
- Liabilities: Accounts payable 14000, notes payable 6000, loans 5000.
- Additional information: Additions to capital 10000, drawings 15000.

**Required:** Compute the profit or loss of the enterprise by using the single entry system.

**10- State which account should be debited and which account should be credited from the following transactions:-**

- (1) Paid by cheque to Rahim IQD 1500000.
- (2) Cash withdrawn from the Bank IQD 750000.
- (3) Received cheque from Mohammed IQD 900000.

**11- State with the help of a table which A/c should be debited and which A/c should be credited:-**

- (1) Started Business with IQD 30000000 cash.
- (2) Opened Bank A/c by depositing IQD 200000.
- (3) Purchased Machinery for cash IQD 5000000.
- (4) Paid for office stationery IQD 50000.
- (5) Bank collected interest on our investment IQD 400000.
- (6) Paid rent IQD 100000 to the lessor.
- (7) Sold goods worth IQD 1000000 cash.
- (8) Cash purchases IQD 3000000.
- (9) Cash withdrew for personal use IQD 100000.

**12- Prepare a Balance sheet Equation in table with columns for each of the following transactions:**

- 1.Started business with IQD 10000000 cash.
- 2.Deposited IQD 5000000 into bank.
- 3.Purchased goods for cash IQD 4000000.
- 4.Purchased (on credit) goods of IQD 8000000 from Mahmud.
- 5.Sold goods for IQD 8000000 cash.
- 6.Paid rent IQD 500000.
- 7.Received interest IQD 50000.
- 8.Bought (on credit) Furniture of IQD 500000 from Ibrahim.
- 9.Withdrawing IQD 50000 (from office cash) for personal use.
- 10.Returned Furniture of IQD 100000 to Ibrahim.

**13- Abd-Alsalam had the following transactions (Amounts in Thousands):**

- (1) Capital invested IQD 250000 cash.
- (2) Purchased equity shares of Baghdad limited for cash IQD 20000.
- (3) Purchased land and buildings for IQD 25000 paying IQD 5000 in cash and the balance through a loan.
- (4) Sold shares of Baghdad Limited Co. costing IQD 5000 for IQD 6000.
- (5) Purchased a secondhand car for IQD 5000 cash.
- (6) Paid cash as commission IQD 500.
- (7) Paid cash IQD 1000 for loan and IQD 50 for interest.
- (8) Paid cash for sundry expenses IQD 200.
- (9) Received dividends IQD 100.

**Required:** Use accounting Equation to show their effect on his assets, liabilities and capital.

**14- Write the elements accounting statements.**

**15- Name the financial statements and define them.**

☞ **Answers of question (3):**

No.	a	b	c	d
(1)			x	
(2)			x	
(3)			x	
(4)			x	
(5)		x		
(6)				x
(7)			x	
(8)			x	
(9)	x			
(10)				x
(11)				x
(12)	x			

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**Chapter**

**(3)**

**Accounting Procedures**

**And Financial Statements**

- **The Journalisation**
  - **Posting and Balancing in the ledger**
  - **Trial Balance**
  - **Financial Statements**
- ◆ **Questions and Exercises?**





**CHAPTER**  
**(3)**  
**ACCOUNTING PROCEDURES**  
**AND FINANCIAL STATEMENTS**

**الإجراءات المحاسبية والقوائم المالية**

The accounting is defined as an information system (نظام معلومات) that processes financial transactions (عمليات تجارية) to various interested parties for making business and economic decisions. This Chapter presents relationship between the various records started by journalisation until to preparing of the financial statements.