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Chapter (8)

Property, Plant and Equipment

Property, Plant and Equipment

Definition of property plant and Equipment: Tangible resources that are used in the operations of the business entity and are not intended for sale to customers and they include land, building (offices, factories, and warehouses), machinery, tools, cars, and furniture.

Property plant and Equipment are generally long- lived assets and they can give long- term benefits. In addition, these assets are expected to provide services to the company for a number of years.

The term fixed assets has long been in accounting literature to describe all types of property, plant and equipment, and currently this term has disappeared from the published financial statements of a large corporations. Other terms commonly used are plant assets.

Characteristics of Property, plant and Equipment

- 1- They have a physical substance.
- 2- They are used in the operations of a business entity.
- 3- They are not intended for sale to the customers.
- 4- Long-term in nature and usually depreciated.

Determining the Cost of Property, Plant and Equipment Assets

The measurement principle requires that companies record Property, plant and equipment assets at cost. Cost consists of all expenditures necessary to acquire the asset and make it ready for its intended use. For example, the cost of factory machinery includes the purchase price, freight costs paid by the purchaser, and installation costs. Once cost is established, the company uses that amount as the basis of accounting for the plant asset over its useful life.

Example 1: Baghdad company acquires real estate at a cash cost of ID100000. The property contains an old warehouse the cost of removing it is of ID 6000, additional expenditures are the attorney's fee, ID 1000, and the real estate broker's Commission ID 8000. The cost of the land is ID115000, computed as shown below.

Illustration;

Cash price of property	ID 100000
Net removal cost of warehouse	6000
Attorney's fee	1000
Real estate broker's commission	8000
Total cost	ID 115000

The company records the following entry of acquisition

Land	115000	
	Cash/Accounts Payable	115000

To record acquisition of land at cost ID 115000

Example 2: assume that Baghdad Company purchases factory machinery at a cash price of ID 50000. Related expenditures are for sales taxes ID 3000, insurance during shipping ID 500, and installation and testing ID 1000.

The cost of the factory machinery is ID 54500 as shown in the following illustration;

Illustration:

Cash price	ID 50000
Sales taxes	3000
Insurance during shipping	500
Installation and testing	<u>100</u>
<i>Cost of factory machinery</i>	<i>ID 54500</i>

And the company records the following entry

Equipment	54500
Cash	54500

To record factory machinery at total cost of ID 54500

1.By sale Disposal of Property, Plant, And Equipment

The company compares the book value of the asset with the proceeds received from the sale. If the proceeds of the sale **exceed** the book value of the plant asset, **a gain on disposal occurs**. If the proceeds of the sale **are less than** the book value of the plant asset sold, **a loss on disposal occurs**.

Companies report a gain on disposal of plant assets in the “Other revenues and gains” section of the income statement.

Example 4:

Assume that instead of selling the Equipment for ID16 000, Baghdad Company sells it for ID9 000. In this case, Baghdad computes a loss of ID 2 000 as follows.

Cost of Equipment	ID 60 000
Less: Accumulated depreciation	49 000
Book value at date of disposal	11 000
Proceeds from sale	9 000
Loss on disposal of plant asset	ID 2 000

required records the sale and the loss on disposal of the plant asset as follows.

July 1	Cash	9 000
	Accumulated Depreciation — Equipment	49 000
	Loss on Disposal of Plant Assets	2 000
	Equipment	60 000
	(To record sale of Equipment at a loss)	

Companies report a loss on disposal of plant assets in the “Other expenses and losses” section of the income statement.

Chapter (8) Practices

Q1: On January 1, 2009, Baghdad Company owns equipment at cash price of ID 45000. Related expenditures are for sales taxes ID 3000, insurance during shipping ID 1000, and installation and testing ID 1000. It has been depreciated using the straight-line method based on estimated salvage value of ID 5 000 and an estimated useful life of 5 years.

Instructions:

Prepare Baghdad Company's journal entries for the following (Show all computations):

- 1- Record entry of acquisition at 1-1-2009.
- 2- Record the sale of the equipment in these four independent situations.
 - (a) Sold for ID 28 000 on January 1, 2012.
 - (b) Sold for ID 28 000 on 1-5- 2012.
 - (c) Sold for ID 11 000 on 1-1- 2012.
 - (d) Sold for ID 11000 on 1-10- 2012.

Q2: Baghdad Company purchased Truck at cash price of ID 55000 on 1-1-2010, related expenditures are sales taxes ID 3000, insurance during shipping 2000. It has been depreciated using the straight-line method based on estimated salvage value of ID 10000 and an estimated useful life of 5 years.

Required:

- 1- Record journal entry of purchasing the Truck on 1-1-2010.
- 2- Compute and record depreciation expense under the straight- line method on 31-12-2010.
- 3- Record the sale of the car according to the following independent situations.
 - (a) On 1- 7- 2012, sold for ID 33000.
 - (b) On 1- 9 – 2013 sold for ID 25000.

Q3: On January 1, 2011, Basra Company owns equipment at cash price of ID 55000 Related expenditures are for sales taxes ID 2000, insurance during shipping ID 2000, and installation and testing ID 1000. It has been depreciated using the straight-line method based on estimated salvage value of ID 5 000 and an estimated useful life of 5 years.

Instructions:

Prepare Basra Company's journal entries for the following (Show all computations):

- 1- Record entry of acquisition at 1-1-2011.
- 2- Record the sale of the equipment in these two independent situations.
 - (a) Sold for ID 20 000 on July 1, 2014.
 - (b) Sold for ID 2 000 on 1-10- 2015.

Chapter (9)

Depreciation

Depreciation: is the process of allocating the cost of a plant asset over its useful (service) life in a rational and systematic manner. Cost allocation enables companies to properly match expenses with revenues in accordance with the expense recognition principle.

- 1. Cost:** Earlier, we explained the issues affecting the cost of a depreciable asset. Recall that companies record plant assets at historical cost, in accordance with the measurement principle.
- 2. Useful life:** Is an estimate of the expected *productive life*, also called *service life*, of the asset for its owner. Useful life may be expressed in terms of time, units of activity (such as machine hours), or units of output. Useful life is an estimate. In making the estimate, management considers such factors as the intended use of the asset, its expected repair and maintenance, and its vulnerability to obsolescence. Past experience with similar assets is often helpful in deciding on expected useful life. We might reasonably expect.
- 3. Salvage (residual) value:** Is an estimate of the asset's value at the end of its useful life. This value may be based on the asset's worth as scrap or on its expected trade-in value. Like useful life, salvage value is an estimate. In making the estimate, management considers how it plans to dispose of the asset and its experience with similar assets.
- 4. Book value:** (Cost less accumulated depreciation).

5. Depreciable base: (Cost less salvage value).

Depreciation is generally computed using one of the following methods:

1- Time- Based Depreciation Methods:

a) *Straight-line method*: Allocates an equal amount of depreciable base to each year of assets service.

To compute depreciation expense under the straight-line method we use the following formula;

$$\text{Annual depreciation} = (\text{Cost} - \text{salvage value}) \div \text{estimated useful life}$$

Also we can use *Straight-line rate* to compute annual depreciation. Simply straight-line rate is one divided by the number of years in the asset's service live.

For example, the straight- line rate for an asset with a five –year is one-fifth or 20% ($1 \div 5 \times 100\%$).

Example 1: Baghdad Company purchased a machine for ID 250000. The company expects the service life of the machine to be five years. During that time, it is expected that the machine will produce 140000 units. The residual or salvage value is ID 40000. The machine was disposed after five years of use. Actual production during the five years of the asset's life was:

<u>Year</u>	<u>Units produced</u>
1	24000
2	36000
3	46000
4	8000
5	16000
Total	<u>130000</u>

Required:

Calculate annual depreciation for the five – year using straight- line method. Round all computations to the nearest Iraqi dinner.

Solution:

$$\begin{aligned} \text{Annual depreciation} &= (\text{cost- salvage value}) \div 5 \text{ years} \\ &= (\text{ID } 250000 - 40000) \div 5 \\ &= \text{ID } 42000 \text{ per year} \end{aligned}$$

Also we can use straight- line rate to compute annual depreciation

$$\begin{aligned} \text{Straight- line rate} &= (100\% \div \text{useful life}) = (100\% \div 5 \text{ years}) = 20\% \\ \text{Annual depreciation} &= (\text{ID } 250000 - 40000) \times 20\% = \text{ID } 42000 \end{aligned}$$

b) Double Declining balance method: An accelerated depreciation pattern can be achieved by appropriate in special situations. In this method will

not use depreciable base (Cost- salvage value), but it use (cost – accumulated depreciation). So the formula will be;

$$\text{Annual depreciation} = (\text{Cost} - \text{accumulated depreciation}) \times (\%100 \div \text{life}) \times 2$$

Example 2:

By using above information in example (1) calculate the depreciation by using Double declining balance method.

Solution:

$$\begin{aligned} \text{Annual depreciation for year 1} &= (250000 - 0) \times (\%100 \div 5) \times 2 \\ &= 250000 \times \%40 = 100000 \end{aligned}$$

Book Value				
Year	Beginning of year	× Rate per year	= Depreciation	Book Value End of year
1	ID 250000	%40	100000	150000
2	150000	% 40	60000	90000
3	90000	% 40	36000	54000
4	54000	%40	*14000	40000
5	40000			
Total			<u><u>ID210000</u></u>	

*Amount necessary to reduce book value to salvage value

C) Sum-of- the – years- digits method: In this method the annual depreciation compute according to the following formula;

$$\text{Sum of the years digits} = \frac{n(n+1)}{2}$$

Example: By using above information in example (1) compute depreciation by using sum-of- years-digits.

Solution:

$$\text{Depreciable base} = (\text{Cost} - \text{salvage}) = (250000 - 40000) = 210000$$

$$\frac{n(n+1)}{2} = \frac{5(5+1)}{2} = 15$$

Year	Depreciable Base	×	Depreciation Rate per year	= Depreciation	Book value End of year
1	ID 210000		5/15	ID 70000	180000
2	210000		4/15	56000	124000
3	210000		3/15	42000	82000
4	210000		2/15	28000	54000
5	210000		<u>1/15</u>	<u>14000</u>	40000
Total			<u><u>15/15</u></u>	<u><u>ID 210000</u></u>	

2- Activity Based Depreciation method:

Under the units-of-activity method, useful life is expressed in terms of the total units of production or use expected from the asset, rather than as a time period. The units of- activity method is ideally suited to factory machinery. Under units-of- activity method we use the following formula;

$$\frac{\text{Annual depreciation} = (\text{cost- salvage value}) \times \text{produced units}}{\text{Total estimated production units}}$$

Solution: First step is compute depreciation rate per unit as following;

$$\frac{\text{Cost- salvage}}{\text{Total estimated production units}} = \frac{\text{ID } 250000 - 40000}{140000 \text{ Units}} = \text{ID } 1.50 \text{ per unit}$$

Year	Units Produced	Depreciation × Rate per unit	= Depreciation	Book value End of year
1	24000	ID 1.50	ID 36000	ID 214000
2	36000	1.50	54000	160000
3	46000	1.50	69000	91000
4	8000	1.50	12000	79000
5	16000	1.50	39000*	40000
Total	<u>130000</u>		<u>ID 210000</u>	

*Amount necessary to reduce book value to salvage value

Treatment of depreciation:

Depreciation is treated as expenses shown in income statement and accumulated depreciation shown in the balance sheet deducted from its related assets, for example accumulated depreciation of equipment shown under (deducted) equipment assets. The company computes depreciation on 31/12/20 or during the year, when the company dispose of the assets by recoding the following entry:

Depreciation expense-----income statement

Accumulated depreciation expense- equipment -----Balance sheet

To record depreciation expense for.....

Chapter (9) Practices

Q1: On January 1, 2003 Baghdad Company purchased a machine for ID 22000. The company expects the service life of the machine to be five years and it will be worth ID 2000 at the end of its five-year service life. During that time, it is expected that the machine will produce 100000 units Actual production during the five years of the asset's life was:

<u>Year</u>	<u>Units produced</u>
2003	22000
2004	24000
2005	15000
2006	20000
2007	<u>21000</u>
Total	<u>102000</u>

Required:

Calculate annual depreciation for the five- year life of the machine by using of the following methods. (Round all computations to the nearest Iraqi dinner).

- 1- Double declining balance method.
- 2- Sum-of-the-years digits.
- 3- Units of production method.

Q2: Dijla Company purchased a factory machine at a cost of ID 18 000 on January 1, 2012. The company expects the machine to have a salvage value of ID 2000 at the end of Its 4 - year useful life. During its useful life, the machine is expected to be produced 160,000 units. Actual production during the four years of the machine life was:

<u>Year</u>	<u>Units produced</u>
2012	40000
2013	60000
2014	35000
2015	25000

Instructions:

Prepare depreciation schedules for the following methods:

- 1- Straight –line method
- 2- units of-activity, and
- 3- Double –declining balance method.

Q3. : On January 1, 2003, Baghdad Company purchased machinery for ID 240000. The estimated useful life of the machinery is eight years and the estimated salvage value is ID 20000. The machine is expected to produce 55000 units during its useful life.

Required:

Calculate depreciation for 2003 and 2004 using each of the following methods. (Round all computations to the nearest Iraqi dinner).

1. Sum-of-the-years digits method.
2. Double-declining balance method.
3. Units-of- production method (units produced in 2003, 8000, units produced in 2004, 12000).

Chapter (10)

Accounts Receivable

Accounts Receivable

The term **receivable** refers to amounts due from individuals or companies'. Receivables are claims that are expected to be collected in cash. The management of receivables is a very important activity for any company that sells goods or services on credit.

Accounts receivable: are amounts customers owe on account. They result from the sale of goods and services on account. Companies generally expect to collect accounts receivable within 30 to 60 days. They are usually the most significant type of claim held by a company.

Notes receivable: represent claims for which formal instruments of credit are issued as evidence of the debt. The credit instrument normally requires the debtor to pay interest and extends for time periods of 60–90 days or longer.

Notes and accounts receivable that result from sales transactions are often called trade receivables.

Other receivables: include nontrade receivables such as interest receivable, loans to company officers, advances to employees, and income taxes refundable. These do not generally result from the operations of the business. Therefore, they are generally classified and reported as separate items in the balance sheet.

To review, assume that Baghdad Co. on July 1, 2012, sells merchandise on account to Basra Company for ID 1,000 terms 2/10, n/30. On July 5, Basra returns merchandise worth ID100 to Baghdad Co. On July 11, Baghdad receives payment from Basra Company for the balance due. The journal entries to record these transactions on the books of Baghdad Co. are as follows:

July 1

Accounts Receivable—Basra Company	1000	
	Sales Revenue	1000

(To record sales on account)

July 5

Sales Returns and Allowances	100	
	Accounts Receivable—Basra Company	100

(To record merchandise returned)

July 11

Cash (ID900 - ID18)	882	
Sales Discounts (ID900 × .02)	18	
	Accounts Receivable—Basra Company	900

(To record collection of accounts receivable)

Valuing Accounts Receivables

Once company records receivables in the accounts, the next question is: how should they report accounts receivables in the financial statements? Companies' report receivables in the balance sheet as an asset, but determine the amount to report is sometime is difficult because some receivable become uncollectible.

Companies record credit losses as debits to Bad Debts Expenses or Uncollectible Accounts Expenses.

Two methods are used in accounting for uncollectible accounts:

1- The direct write- off method

2- The allowance method

1. Direct write-off method

When a company determines a particular account to be uncollectible, it charges the loss to bad debts expense. For example, assume that on December 12 Basra Co. write off amount of ID 200 as uncollectible, the entry is:

Bad debts expense	200
<u> Accounts receivable</u>	<u> 200</u>

2. Allowance method

The allowance method of accounting for bad debts involves estimating uncollectible accounts at the end of each period. This provides better matching on the income statement, it also ensure that companies state receivables on the balance sheet at their net receivable value. Therefore, the Company will report bad debts expense in income statement. In addition, Allowance for doubtful accounts shown in balance sheet deducted from Accounts receivables this method provides good disclosure for the users of financial reporting.

Example: Assume that Basra Furniture co. has credit sales of ID 1200000 in 2010. At December 31, the credit manager estimates that ID 120000 of the sales will be uncollectible. The adjusting entry to record the estimated uncollectible is:

Bad debts expense	120000
Allowance for doubtful accounts	120000
<u>To record estimate of uncollectible accounts</u>	

Bases used for estimating Allowance

1- Percentage of Sales

2- Percentage of receivables

1-Percentage of sales:

In the percentage of sales, management estimates what percentage of credit sales will be uncollectible.

Example:

Assume that Baghdad Company elects to use the percentage of sales as a base for estimating uncollectible accounts receivables. It estimated that 1% of credit sales will become uncollectible. The company has net credit sales of ID 800 000 in 2017 year.

Required:

Calculate and record the bad debts expense of Baghdad Co.

Solution:

$$\text{Bad debt expense} = 800000 * 1\% = 8000$$

bad debts expense 8000

Allowance for doubtful accounts 8000

To record estimated bad debts for year

After adjusted entry is posted, assuming the allowance account already has a credit balance of ID 1723, the related accounts of Baghdad Co. show the following:

<u>Bad debts expenses</u>	
Dec. 31	8000

<u>Allowance for doubtful accounts</u>	
Jan.1 Bal.	1723
Dec.31	<u>8000</u>
Dec.31 bal.	9723

2- Percentage of Receivables:

Under the percentage of receivable basis, management estimated what percentage of receivables will result in losses from uncollectible accounts.

Example:

Assume that the balance of accounts receivables for Basra Company at Dec.31, 2017 is 100000. The management estimates that the percentage of bad debts is 2% of accounts receivables. The balance of the allowance for bad debts at Dec. 31, 2017 is ID 500.

Required:

Compute and record the bad debts expense for 2017.

Solution:

Bad debts expense = $100000 * 2\% = \text{ID } 2000$

$2000 - 500 = \text{ID } 1500$ allowance for doubtful accounts

bad debts expense 1500

 Allowance for doubtful accounts 1500

To record bad debts for the year

Example: The following balances are extracted from Baghdad's company records in 1/1/2016; Accounts receivables ID 9000, allowance for doubtful accounts ID 1000, and the following transactions were happened during the year.

- 1- On 1/5/2016 sold goods of ID 2000 on credit.
- 2- On 1/7/2016 collection from customers of ID 3000.
- 3- On 1/12/2016 estimated bad-debts for ID 900.
- 4- On 31/12/2016 write-off uncollectible accounts receivable ID 1500?

Required: Record the journal entries and its posting to general ledger.

Solution: journal entries

1/5/2016

Accounts receivable 2000

Sales 2000

To record sales on account

1/7/2016

Cash 3000

Accounts receivable 3000

To record cash collection from accounts receivables

1/12/2016

Bad debt expense 900

Allowance for doubtful accounts 900

To record bad debts for the year

31/12/2009

Allowance for doubtful accounts 1500

Accounts receivable 1500

To record write off bad debts

General ledger

Accounts receivables

<u>Debit</u>		<u>Credit</u>	
1/1/2016 balance	ID 9000	1/7/2016 cash	ID 3000
1/5/2016 sales	<u>ID 2000</u>	31/12/2016 Allowance for doubtful accounts	ID 1500
		31/12/2016 balance	<u>ID 6500</u>
_____	<u>ID 11000</u>		<u>ID 11000</u>

Allowance for doubtful accounts

<u>Debit</u>	<u>Credit</u>
31/12/2016 Accounts receivable ID 1500	1/1/2016 balance ID 1000
31/12/2016 balance <u>ID 400</u>	1/10/2016 bad-debt <u>ID 900</u>
<u>ID 1900</u>	<u>ID 1900</u>

Chapter (10) practices

Q1: The following information is extracted from Basra Company.

- 1- Balances on 1/1/2007 : balances of accounts receivables ID 13000, allowance for doubtful accounts ID 1000.
- 2- On 1/5/2007 sold goods for ID 6000 on account.
- 3- On 1/7/2007 collected ID 5000 from customers.
- 4- On 1/10/2007 estimated that bad-debts of ID 2000.
- 5- On 31/12/2007 write-off uncollectible accounts receivable for ID 2500.

Required/

- 1- Record the journal entries for the above transaction.
- 2- Post the entries to the general ledger.
- 3- Show the details of accounts receivables at the end of period and the partial balance sheet.

Q2: Baghdad Company uses direct method for treating uncollectible accounts receivables and the following information is extracted from company's records.

- 1- Balance of accounts receivables 1/1/2012 ID 200000.
- 2- Sales on credit during the period of ID 60000.
- 3- Collection from accounts receivable of ID 50000.
- 4- Accounts of several customers amounting to ID 40000 is assumed bad debts and written off.
- 5- On 31/12/2012 the company writes off additional bad debts of ID 50000.

Required:

- a) Record the journal entries of the above transactions.

- b) Assume that Baghdad Company uses indirect method to treat bad debts by using percentage of accounts receivable based on an estimate of 3% of the balance of accounts receivable at 31/12/2012. Record the entry of allowance for doubtful accounts.
- c) Show the details of accounts receivables at the end of period and the partial balance sheet.

Q3: The following information is extracted from Baghdad Company's records.

On 1/1/2013 Balance of accounts receivables ID 9000, Allowance for doubtful accounts ID 1000. And the following events have occurred during the year.

- 1- Credit sales of ID2000.
- 2- Receipts from credit sales of ID 3000
- 3- Estimated bad debts of ID 900.
- 4- On 31/12/2013 writes off uncollectible accounts of ID 1500.

Required:

- a) Record the journal entries of the above transactions.
- b) Show the details of accounts receivables at the end of period and the partial balance sheet.

Chapter (11)

Inventory

Inventory

Inventory refers to the assets a company (1) intends to sell in normal course of business, (2) has in production for future sale, or (3) uses currently in the production of goods to be sold (raw materials).

Types of inventory:

The company classifies its inventory depending on whether the firm is a merchandiser or a manufacturer as follows:

1- Merchandising Inventory:

Wholesale and retail companies purchase goods that are primarily in finished form. These companies are intermediate in process of moving goods from manufacture to the end- user. They often are referred to as merchandising companies. In a merchandising company, such inventory consists of many different items. For example, in a grocery store, canned goods, dairy products, meats, are just a few of the inventory items on hand. These items have two common characteristics:

- (1) They are owned by the company, and
- (2) They are in a form ready for sale to customers in the ordinary course of business.

The cost of merchandising inventory includes the purchase price plus any other costs necessary to get the goods in condition and location for sale.

2- Manufacturing Inventories:

Manufacturing companies produce the goods they are sell to wholesalers, retailers, or other manufacturers. Inventory for a manufacturer consists of:

- a- Raw materials inventory

- b- Work- in- process inventory
- c- Finished goods inventory

Raw materials inventory: refers to the components purchased from other manufacturers that will become part of the finished product.

Work-in-process inventory: refers to the products that are not yet complete. The cost of work-in- process includes the cost of raw materials used in production, the cost of labor that can be directly traced to the goods in process, and allocated portion of other manufacturing costs, called manufacturing overhead.

Finished goods inventory: Manufactured items that completed and ready for sale.

Determining and recording Inventory Transactions:

There are two accounting systems are used to record transactions involving inventory: the perpetual inventory system and the periodic inventory system.

A perpetual inventory system: in this system continuously records both changes in inventory quantity and inventory cost. Therefore, a perpetual inventory system tracks both inventory quantities and inventory costs.

Example (1): Baghdad Company purchases soft drinks from producers and then sells them to retailers. The company begins 2003 with merchandise inventory of ID 120000 on hand; during 2003 additional merchandise is purchased on account at a cost of ID 600000. Sales for the year (all on account) totaled ID 820000. The cost of the soft drinks sold is ID 540000.

Required: record the journal entries of the above transactions in Baghdad's company records by using perpetual inventory system.

Solution:

Inventory600000
 Accounts payable.....600000
 To record the purchase of merchandise inventory

Accounts Receivable.....820000
 Sales revenue.....820000
 To record sales on account

Cost of goods sold.....540000
 Inventory.....540000
 To record the cost of sales

A periodic inventory system: is not designed to track either the quantity or cost of merchandise. Therefore, a periodic inventory system adjusts inventory and records cost of goods sold only at the end of each reporting period.

Example (2): Baghdad Company purchases soft drinks from producers and then sells them to retailers. The company begins 2003 with merchandise inventory of ID 120000 on hand; during 2003 additional merchandise is purchased on account at a cost of ID 600000. Sales for the year (all on account) totaled ID 820000. A physical count determined the cost of inventory at the end of the year to be ID 180000.

Required: record the journal entries of the above transactions in Baghdad's company records by using periodic inventory system.

Solution:

Purchases.....600000
Accounts payable.....600000

Accounts receivable.....820000
Sales revenue.....820000
To record sales on account

❖ No entry is recorded for the cost of inventory sold.

Because cost of goods sold isn't determined automatically and continually by the periodic system, it must be determined indirectly after physical inventory count by using:

Cost of goods sold = Beginning inventory + Net purchases – Ending inventory

Beginning inventory	ID 120000
Plus:net Purchases	<u>600000</u>
Cost of goods available for sale	720000
Less: Ending inventory (per physical count)	(180000)
Cost of goods sold	<u><u>ID 540000</u></u>

31/12 each year

Ending inventory	180000
Cost of goods sold	540000
Beginning inventory	120000
Purchases	<u>600000</u>

Inventory Cost Flow Assumptions

It is sometimes possible for each unit sold during the period or each unit on hand at the end of period to be matched with its actual cost which called (specific Identification . for most companies, the specific identification method is not practical). These differ from specific Identification in that they assume flows of costs that may be unrelated to the physical flow of goods. There are three assumed cost flow methods:

- 1- First-in, first-out (FIFO) methods
- 2- Last-in, first-out (LIFO) methods
- 3- Average-cost methods

First-in, first-out (FIFO) methods: this method assumes that items sold are those that were purchased first.

Last-in, first-out (LIFO) methods: this method assumes that items sold are those were most recently acquired.

Average-cost methods: this method assumes that items sold and items in ending inventory come from a mixture of all the goods available for sale.

Example 1: the following information is extracted from Baghdad's company records during 2016.

- 1- Balance of beginning inventory 300 units at cost of ID 10.
- 2- On 1/3/2016 sold 100 units of ID 15 per unit.
- 3- On 5/4 /2016 purchased 200 units at cost of ID 11 per unit.
- 4- On 1/6/2016 sold 300 units by ID 15 per unit.
- 5- On 3/7/2018 the company purchased 550 units at cost of ID 12 per unit.
- 6- On 23/11/2016 the company sold 300 units by ID15 per unit.

Required: Compute the cost of goods sold and ending inventory under the following situations:

1. The perpetual system by using the following methods;

- a. FIFO b. LIFO, c. Weighted Average (WA).

2. The periodic system by using the following methods;

- a. FIFO b. LIFO, c. Weighted Average (WA).

1. a: perpetual system by FIFO

Date	Purchased			Sold			Balance		
	Units	Unit cost	Total	Units	Unit cost	Total	Units	Unit cost	Total
1/1/2008							300	10	3000
1/3/2008				100	10	1000	200	10	2000
1/6/2008	200	11	2200				200	10	2000
							200	11	2200
1/8/2008				200	10	2000	100	11	1100
				100	11	1100			
1/10/2008	550	12	6600				100	11	1100
							550	12	6600
1/11/2008				100	11	1100	350	12	4200
				200	12	2400			
				700		7600	350		4200

Cost of goods sold

Ending inventory

1.b: perpetual system by LIFO

Date	Purchases			issued(Sold)			Balance		
	Units	Unit cost	total	Units	Unit cost	Total	Units	Unit cost	Total
1/1/2008							300	10	3000
1/3/2008				100	10	1000	200	10	2000
1/6/2008	200	11	2200				200	10	2000
							200	11	2200
1/8/2008				200	11	2200	100	10	1000
				100	10	1000			
1/10/2008	550	ID 12	ID 6600				100	ID 10	ID 1100
							550	12	6600
1/11/2008				300	12	3600	100	10	1000
							250	12	3000
				700		7800	350		4000

Cost of goods sold

Ending inventory

1.c: perpetual system by Weighted Average(WA)

Date	Purchases			issued(Sold)			Balance		
	Units	Unit cost	total	Units	Unit cost	Total	Units	Unit cost	Total
1/1/2008							300	10	3000
1/3/2008				100	10	1000	200	10	2000
1/6/2008	200	ID 11	ID 2200				200	10	2000
							<u>200</u>	<u>11</u>	<u>2200</u>
							<u>400</u>	<u>10.5</u>	<u>4200</u>
1/8/2008				300	10.5	3150	100	10.5	1050
1/10/2008	550	12	600				100	<u>10.5D</u>	1050
							<u>550</u>	<u>12</u>	<u>660</u>
							<u>650</u>	<u>11.7</u>	<u>7650</u>
1/11/2008				300	11.7	3510	350	11.7	4095
				700		7660	350		4095

Cost of goods sold

Ending inventory

2. a: Periodic system by FIFO

Details	Units	Total
beginning inventory	300	ID 3000
+purchases(200*11)+(550*12)=ID8800	<u>750</u>	<u>ID 8800</u>
= Cost of goods available for sale	1050	ID 11800
-- Ending inventory(350*12)=ID4200	<u>(350)</u>	<u>(ID 4200)</u>
= Cost of goods sold	<u>700</u>	<u>ID 7600</u>

2.b: Periodic system by LIFO

Details	Units	Total
beginning inventory	300	ID 3000
+ purchases(200*11)+(550*12)=ID8800	<u>750</u>	<u>ID 8800</u>
= Cost of goods available for sale	1050	ID 11800
-- Ending inventory(300*10)+(50*11)=ID3550	<u>(350)</u>	<u>(ID 3550)</u>
= Cost of goods sold	<u>700</u>	<u>ID 8250</u>

2.c: Periodic system by Weighted Average(WA)

Details	units	Total
beginning inventory	300	ID 3000
+ purchases(200*11)+(550*12)=ID8800	<u>750</u>	<u>ID 8800</u>
= Cost of goods available for sale(11800/1050)= 11,238	1050	ID 11800
-- Ending inventory(350*11,238)=ID3933	<u>(350)</u>	<u>(ID 3933)</u>
= Cost of goods sold 11,238	<u>700</u>	<u>ID 7867</u>

Chapter (11) Practices

Question 1: Baghdad Trade Company began 2003 with inventory at cost of ID 22000. The cost of beginning inventory is composed of 4000 units purchased for ID 5.50 each. Merchandise transactions during 2003 were as follows:

Purchases

<u>Date of purchase</u>	<u>Units</u>	<u>Units cost*</u>	<u>Total cost</u>
Jan.17	1000	ID 6	ID 6000
Mar. 22	3000	7	21000
Oct. 15	<u>3000</u>	7.5	<u>22500</u>
Totals	<u>7000</u>		<u>49500</u>

- Includes purchase price and cost of freight in

Sales

<u>Date of sale</u>	<u>Units</u>
Jan.10	2000
Apr.15	1500
Nov.20	<u>3000</u>
Total	<u>6500</u>

Required: Calculate ending inventory and cost of goods sold for the year by using each of the following methods (assume that the company uses both of systems perpetual and periodic).

- 1- First-in, first-out (FIFO) methods
- 2- Last-in, first-out (LIFO) methods
- 3- Average-cost methods

Q2: Baghdad Trade Company began 2008 with inventory of 400 units at cost of ID 10 per unit. Merchandise transactions during 2003 were as follows:

- 1- On 1/3/2008 sold 200 units at ID 15 per unit.
- 2- On 1/6/2008 purchased 300 units at cost of ID 11 per unit
- 3- On 1/8/2008 sold 400 units at ID15 per unit.
- 4- On 1/10/2008 purchased 650 units at cost of ID 12 per unit.
- 5- On 1/11/2008 sold 400 units at ID 15 per unit.

Required: Compute the cost of goods sold and ending inventory under the following situations:

1. The perpetual system by using the following methods;

- a. FIFO b. LIFO, c. Weighted Average (WA).

2. The periodic system by using the following methods;

- a. FIFO b. LIFO, c. Weighted Average (WA).

Chapter (12)

Investments

Investments

Accounting for investments in securities (debt and equity)

Financial investments consist of the purchase of securities (shares, bonds) for the purpose of achieving economic benefits such as profits, interest, gains on the sale of investment, as well as exerting influence or control over the investee companies.

Types of investment Securities:

- 1- Debt investments (bonds)
- 2- Equity investments (shares)

International Accounting Standards Board (IASB) requires that companies classify investments in securities into two measurement categories depending on their circumstances.

- 1- Amortized cost and
- 2- Fair value

First of all we need to understand what the following terms do mean:

Amortized cost: is the initial recognition amount of the investment minus repayments, plus or minus cumulative amortization and net of any reduction for uncollectibility.

Fair value: is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Accounting for investments in debt securities:

Investments by companies in bonds issued by government or non-governmental entities in order to obtain periodic and fixed interest, and these investments are divided into the following forms.

Types of Debt investments (Bonds)

Held-for-collection Bonds	Investments that the company wishes to hold to the maturity date in order to obtain the interests.
Not held-for-collection Bonds	Investments acquired by the company in order to sell and trade these investments in the short term.

Accounting treatment for debt investments (bonds):

The accounting treatment for investing in bonds is determined according to the following two main criteria: first, the intention of the company in the purchase the bonds for the purpose of selling and trading or for the purpose of keeping them to the maturity date.

The second criterion is contractual cash flow characteristics of the investment which it means the clarity of future cash flows.

The following schedule explains the measurement method and unrealized gains or losses on acquisition.

Types of Bonds	valuation method	Unrealized gains or losses on acquisition	Effects on income statement
Held-for-collection Bonds	Amortized cost	Not recognized	1- Interests for acquisition 2- Gain & loss of sale bonds
Not held-for-collection Bonds	Fair value	Recognize it at income statement within other expenses & revenue item	1- Interests for acquisition 2- Gain & loss of sale bonds

Accounting for debt investments (bonds) by using amortized cost method:

The amortized cost method is used in accounting for the bonds that the company intends to hold to maturity. Thus, only bonds (not shares) can be placed under this classification. In addition, these bonds are placed in this classification according to two conditions, the first conditions is a positive intention by the company to hold the bonds until the maturity date. The second condition is the financial ability of the company to hold the bonds until the maturity date.

Example (1):

In 1/1/2013 Baghdad company purchased bonds with a par value of ID 5000000 and an interest rate of 10% per annum, With Interest receivable December 31 of each year. Note that the company intends to keep the bonds until maturity date on 1/1/2018.

Required:

- 1- Prepare the journal entry at the date of the bond purchase.
- 2- Prepare the journal entry to record the interest received and the amortization for 2013.
- 3- Prepare the journal entry to record the interest received and the amortization for 2014.

Solution:

1/1/2013

Debit investment (investment in Bonds)	5000000
<u>Cash</u>	<u>5000000</u>

31/12/2013

Cash (10% * 5000000)	500000
<u>Investment interest revenue</u>	<u>500000</u>

31/12/2014

Cash (10% * 5000000)	500000
<u>Investment interest revenue</u>	<u>500000</u>

Example (2):

In 1/1/2014 Baghdad company purchased bonds with a par value of ID 1000000 and an interest rate of 8% per annum, With Interest receivable in 1/1 and 1/7 of each year. Note that the company intends to keep the bonds until maturity date on 1/1/2017.

Required:

Prepare the journal entries for the years 2014, 2015, 2016, and 2017

Solution:

1/1/2014	Debit investment	1000 000
	Cash	1000 000

In 1/7/2014 the company received interest for 6 months of amount ID 40 000 which are computed as following:

$1000\ 000 * 8\% * 6/12 = \text{ID } 40\ 000$ and the company record the following entry

1/7/2014

	Cash	40 000
	<u>Investment interest revenue</u>	40 000

On December 31, there will be interest revenue due for six months related to 2014 has not been received, so that the company will record the following entry;

31/12/ 2014

	Accrued investment interest revenue	40 000
	<u>Investment interest revenue</u>	40 000

In 1/1/2015 when the Baghdad Co. received the accrued interest revenue the following entry will be recorded;

1/1/2015

Cash	40 000	
	<u>Accrued investment interest revenue</u>	<u>40 000</u>

1/7/2015

Cash	40 000	
	<u>Investment interest revenue</u>	<u>40 000</u>

31/12/2015

	Accrued investment interest revenue	40 000
	<u>Investment interest revenue</u>	<u>40 000</u>

In 2016, Baghdad continues to record entries in the same manner.

In 1/1/2017 Baghdad Co. received par value amount of debit investment at maturity date, and the company record the following entry;

1/1/2017

Cash	1000000	
	<u>Debit investment</u>	<u>1000000</u>

Purchase of bonds at different date from dates of interest payment

When bonds are purchased on a date other than the interest payment dates, the company will be required to pay interest to the seller or issuer of the bonds. Additionally, the accrued interest is paid separately to the seller from the purchase price.

Example (3): by using information of example (1), and assume that the bonds purchased at 1/3/2014.

Solution:

In this case, Baghdad Co. will pay two months' interest (January and February) to the seller or issuer.

1/3/2014

Debit investment	1000000
Investment interest revenue (1000000*8%*2/12)	13333
Cash	1013333

1/7/2014

Cash	40 000
Investment interest revenue	40 000

Investment interest revenue			
1/3/2014	13333	1/7/2014	40000
	26667		
	40000		40000
	Balance		<u>26667</u>

- The balance of investment interest revenue (26667) is equal 4 months(March, April, May, and June)

And the balance come from $1000000 * 8\% * 4/12 = 26667$

Purchase bonds at higher or less than their par value

In many cases, bonds are purchased at an amount higher than their par value this amount is called a premium. In other cases, the bonds are purchased at a lower amount which is called a discount. There are two methods to amortize bonds premium and bonds discount which are;

- 1- Effective rate and
- 2- Stated rate method.

Example (4): In 1/1/2015 Baghdad company purchased bonds of ID 518000 (par value =ID 500 000) and an interest rate of 8 % per annum, With Interest receivable 1/1 and 1/7 of each year. Note that the company intends to keep the bonds until maturity date on 1/1/2018.

Required:

- 1- Prepare the journal entries for the years 2015, 2016, 2017, and 2018
- 2- Prepare interest schedule and bonds amortized schedule and noted that Baghdad Co. is used stated rate method in amortizing bonds.

Solutions:

1/1/2015

Debit investments	518000
<u> Cash</u>	<u>518000</u>

The Company purchased the bonds at an amount greater than the par value of ID 18000 which represents the purchase premium, and this premium will be amortized over the period between the date of purchase and the maturity date of 36 months, by using stated rate method.

Monthly amortized = $18000 / 36 \text{ months} = \text{ID } 500 \text{ per month}$

Schedule of rates and amortize of bonds by using stated rate method

Date	Cash received	Interest revenue	Amortize premium	Carrying amount of bonds
1/1/2015	—	—	—	518000
1/7/2015	20000	17000	3000	515000
1/1/2016	20000	17000	3000	512000
1/7/2016	20000	17000	3000	509000
1/1/2017	20000	17000	3000	506000
1/7/2017	20000	17000	3000	503000
1/1/2018	20000	17000	3000	500000

1/7/2015

Cash	20000
Investment interest revenue	17000
Debit investment	3000
	<hr/>

13/12/2015

Accrued interest revenue	20000
Investment interest revenue	17000
Debit investment	3000
	<hr/>

1/1/2016

Cash	20000
Accrued interest revenue	20000
	<hr/>

1/7/2016

cash	20000
Investment interest revenue	17000
Debit investment	3000
	<hr/>

31/12/2016

Accrued interest revenue	20000
Investment interest revenue	17000
<u>Debit investment</u>	<u>3000</u>

The company will continue to record same journal entries for year 2017.

In 1/1/2018 the company will received the amount of bonds, and record the following entry;

1/1/2018

Cash	500000
<u>Debit investment</u>	<u>500000</u>

Accounting for Debit Investment by using Fair Value method

The fair value method is used in accounting for investments in debt securities (bonds) when the company intends to trade in these bonds to earn profits.

The accounting treatment for these investments does not different from the investments that Held-for-maturity date, Only such investments are assessed and reported at the end of the financial period by using the fair value method.

Example (5): In 1/1/2016 Baghdad Co. purchased 4 debit investments for trading purposes with amount of ID 411500, as well as with the payment of any accrued interest. The par value for one bond is ID 100000 with interest rate of 12% annum, and interest is paid in 1/5 and 1/11 of each year, additionally the maturity date of these bonds are 1/11/2019. The fair value of bonds in 31/12/2016 is ID 409000, and the bonds were sold in 1/6/2017 of ID 408000 with the accrued interest.

Required:

Record any necessary journal entries for the years 2016, and 2017, note that the company uses stated rate method to amortize bond's premium and discount.

Solution:

Accrued interest revenue for the seller = $400000 * 12\% * 2/12 = \text{ID } 8000$

1/1/2016

Debit investment	411500
Interest revenue	8000
<u>Cash</u>	<u>419500</u>

1/1/2016 to 1/11/2019 = 46 months

The premium of bond's purchased = ID 11500

Monthly amortized = $11500 / 46 \text{ months} = \text{ID } 250 \text{ per month}$

Date	Cash received	Interest revenue	Amortize premium	Carrying amount of bonds
1/1/2016	—	—	—	411500
1/5/2016	24000 (8000 +16000)	23000 (1000-24000)	1000	410500
1/11/2016	24000	22500	1500	409000
1/5/2017	24000	22500	1500	407500
1/11/2017	24000	22500	1500	406000
1/5/2018	24000	22500	1500	404500
1/11/2018	24000	22500	1500	403000
1/5/2019	24000	22500	1500	401500
1/11/2019	24000	22500	1500	400000

1/5/2016

Cash	24000
Investment interest revenue	23000
Debit investment	1000
	<hr/>

1/11/2016

Cash	24000
Investment interest revenue	22500
Debit investment	1500
	<hr/>

31/12/2016

Accrued interest revenue	8000
Investment interest revenue	7500
Debit investment	500
	<hr/>

Investments	Cost	Fair value	Unrealized gains or losses on acquisition
12% Debit investment	408500	409000	500

Because the fair value higher than cost of ID 500, and in this case Fair value adjustment account will be shown as following;

31/12/2016

Fair value adjustment	500
<u>Unrealized gains or losses on acquisition</u>	<u>500</u>

At the end of year the debit investment will be shown in balance sheet as of fair value

Balance sheet of the company as of 31/12/2016

Assets		Liabilities and Owners' equity
Debit investment	408500	
+ Fair value adjustment	500	
Fair value of Debit investments	409000	

Chapter (12) Practices

Question 1: In 1/1/2017 Baghdad company purchased bonds with a par value of ID 400000 which is equivalent to %102 of their value, and the company paid ID 6000 in cash for broker's commission.

Required: Compute cost of investment for Baghdad Company.

Question 2: In 1/1/2016 Basra company purchased bonds with a par value of ID 400000 and an interest rate of 10% per annum of ID 354120. The interest is paid in 1/1, and 1/7 of each year. Note that the company intends to keep the bonds until maturity date on 1/1/2026, and the effective interest rate of 12% per annum.

Required:

- 1- Prepare the necessary journal entries for 2016, and 2017 years.
- 2- Record journal entry of sale of the bonds by assuming that the company will sell the bonds in 2/1/2018 by ID 381000.

Question 3: In 1/8/2016 Ishtar Company purchased bonds with a par value of ID 1000000 and an interest rate of 9% per annum of ID 937689. The interest is payable semi-annually in 1/1, and 1/7 of each year. Note that the company intends to keep the bonds until maturity date on 1/8/2026, and the effective interest rate of 10 % per annum.

Required:

Prepare the necessary journal entries for 2016, and 2017 years.

accounting terms المصطلحات المحاسبية	
English Word الكلمة إنكليزي	Arabic Word الكلمة عربي
Accountant	المحاسب
Accountants	المحاسبون
Accounting	محاسبة
Accounting Assumptions	الفروض المحاسبية
Accounting Concepts	المفاهيم المحاسبية
Accounting Constraints	القيود او المحددات المحاسبية
Accounting Information	المعلومات المحاسبية
Accounting Objectives	الأهداف المحاسبية
Accounting Period (Periodicity)	الفترة المحاسبية او الفترة المالية
Accounting Principles	المبادئ المحاسبية
Accounting System	النظام المحاسبي
Accounts Payable	حسابات الدائنين
Accounts Receivable	حسابات المدينون
Accrual Basis of Accounting	أساس الاستحقاق المحاسبي
Accrued Expenses	مصروفات مستحقة
Accrued Revenues	إيرادات مستحقة
Accumulated Depreciation	مخصص الاندثار
Adjusted Trial Balance	ميزان المراجعة المعدل
Adjusting Entry	قيد تسوية
Adjustment	تسوية
Administrative Expenses	المصروفات الإدارية
Allowance	مخصص
Allowances	مخصصات - مسموحات
Allowance for doubtful Account	مخصص الديون المشكوك فيها
Assets	الأصول
Bad Debts	ديون معدومة

Balance Sheet	الميزانية العمومية
Bonds	السندات
Bonds Discount	خصم السندات
Transaction	عملية او صفقة
Capital	رأس المال
Losses	خسائر
Cash	النقد - النقدية
Cash Flows	التدفقات النقدية
Cash Flows Statement	قائمة التدفقات النقدية
Cash Inflows	التدفقات النقدية الداخلة
Cash Outflows	التدفقات النقدية الخارجة
Common Stock	الأسهم العادية
Common Stock	رأس مال الأسهم العادية
Comparability	قابلية المقارنة
Conceptual Frameworks	الإطار الفكري
Conservatism	الحيطة والحذر او التحفظ
Consistency	الثبات او الاتساق
Corporation	شركة مساهمة
Cost	تكلفة
Cost / Benefit Relationship	التكلفة / المنفعة
Cost of Goods Sold	تكلفة البضاعة المباعة
Cost Principle	مبدأ التكلفة
Credit	على الحساب او الجانب الدائن
Creditors	الدائنون
Current Assets	الأصول المتداولة
Current Liabilities	الالتزامات المتداولة
Debit (Dr.)	الجانب المدين
Debtors	المدينون
Depreciation	اندثار
Depreciation Expense	مصروف الاندثار

Direct Cost	تكلفة مباشرة
Direct Method	الطريقة المباشرة
Dividends	توزيعات الأرباح
Surplus	الفائض
Earning per Share	ربحية السهم
Economic Entities	الوحدات الاقتصادية
Economic Entity Assumption	فرض الوحدة الاقتصادية
equipment	معدات
Equity	حق الملكية
Expenses	المصروفات
Feedback	التغذية العكسية
Feedback Value	قيمة التغذية العكسية
Financial Accounting	المحاسبة المالية
Financial Reporting	الإبلاغ المالي
Financial Statements	القوائم المالية
Fixed Assets	الأصول الثابتة
Full Disclosure Principle	مبدأ الإفصاح التام
Funds	الأموال
Going Concern (Continuity)	الاستمرارية
Goodwill	شهرة المحل
Gross Income	مجمل الدخل
Gross Profit	مجمل الربح
Historical Cost	التكلفة التاريخية
Cost Principle	مبدأ التكلفة التاريخية
Income	دخل
Income Statement	قائمة الدخل
Income Tax	ضريبة الدخل
Indirect Method	الطريقة غير المباشرة
Industry Practice	ممارسات الصناعة
Interest	الفائدة

Inventory	المخزون او البضاعة
Investments	الاستثمارات
Journal	اليومية
Liabilities	الالتزامات
Long Term Investment	استثمار طويل الأجل
Long Term Liabilities	التزامات طويلة الأجل
Matching Principle	مبدأ المقابلة
Materiality	الأهمية النسبية
Measurement	القياس
Monetary unit	وحدة النقد
Monetary Unit Assumption	فرض وحدة النقد
Net Assets	صافي الأصول
Net Cash Flows	صافي التدفقات النقدية
Net Income	صافي الدخل
Neutrality	الحياد
Notes Payable	أوراق الدفع
On credit	على الحساب
On account	او بالاجل
Operating Expenses	المصاريف التشغيلية
Operating Income	الدخل التشغيلي
Owners Equity	حقوق الملكية
Predictive Value	القيمة التنبؤية
Prepaid Expenses	مصرفات مدفوعة مقدماً
Prepaid Insurance	تأمين مدفوع مقدماً
Profit	ربح
property	ممتلكات
Public Accountant	محاسب قانوني
Purchases	مشتريات
Purchases Allowances	مسموحات المشتريات

Purchases Returns	مردودات المشتريات
Qualitative	نوعي
Qualitative Characteristics of Accounting Information	الخصائص النوعية للمعلومات المحاسبية
Relevance	الملائمة
Reliability	الموثوقية
Reliable	موثوق
Representation	عرض
Representational Faithfulness	العرض الصادق
Retained Earnings	الأرباح المحتجزة
Returns	مردودات
Revenue	إيراد
Revenue Realization Principle	مبدأ تحقق الإيراد
Sales	مبيعات
Sales Allowances	مسموحات المبيعات
Sales Discount	خصم المبيعات
Sales Returns	مردودات المبيعات
Salvage Value	قيمة الأتقاض
Securities	أوراق مالية
Selling Expenses	مصاريف البيع
Stockholders	المساهمون
Short Term Investment	استثمار قصير الأجل
Short Term Notes Payable	أوراق دفع قصيرة الأجل
Statement of Cash Flows	قائمة التدفقات النقدية
Stock	اسهم
Separation	فصل
Salaries	رواتب
Services	خدمات
Starting	بداية

Specific	خاصة او معينة
Single	مفردة
Step	خطوة
Stages	مراحل
Summarized	تلخيص
sum of the years	مجموع سنوات العمر الانتاجي
System	نظام
Securities	أوراق مالية
Shares	اسهم
Supplier	مجهز
Same	نفس
Show	يعرض
Sends	يرسل
Separation	فصل
Illustrate	توضيح
prepayments	مدفوعات
Method	طريقة
Paid	دفع
Concerning	تخص
Next	قادم
Future	مستقبل
Free	حرة
Company	شركة
Required	مطلوب
Record	تسجيل
Received	يستلم
Rent	ايجار
Months	شهر
Journal	يومية
Year	سنة

Salaries	رواتب
Balance	رصيد
Provide	توفير
Cars	سيارات
Water	ماء
Bill	فاتورة
Building	مباني
Loan	قرض
Services	خدمات
Chapter	فصل
Prepare	اعداد
End	نهاية او اخر
Traditional	تقليدي
Each	كل
Starting	بداية
Useful	مفيدة
Make	جعل
Rational	معقول
Decision	قرار
Main	رئيس
Elements	عناصر
Receipts	استلام
Payments	مدفوعات
Reserve	احتياطي
Know	يعرف
Funds	أموال
Resources	مصادر
Use	استخدام
Position	وضع او مركز
Changes	تغيرات

Determine	تحديد
Result	نتيجة
Basic	أساس
Certain	معينة
Specific	خاصة او معينة
Time	وقت او زمن
Single	مفردة
Step	خطوة
Multiple	متعددة
Types	أنواع
Below	ادنى
Get	يحصل
Details	تفاصيل
Partial	جزئي
Total	كلي
Marketing	تسويق
Transfer	تحويل
Commission	عمولة
Lease	استئجار
Before	قبل
Stages	مراحل
Summarized	تلخيص

Changes	تغيرات
Reports	تقرير
Date	تاريخ
Bank	مصرف
Land	ارض
Furniture	اثاث
Declared	معلنة
Percentage	نسبة مئوية
Due	تستحق
Maintain	محافظة
Contains	تحتوي
Buying	شراء
Example	مثال
Estimated	مقدرة
Life	العمر
Compute	احتساب
Defined	تعرف
Distribution	توزيع
Expected	متوقعة
Take	تأخذ
Decrease	نقصان
Increase	زيادة
Calculated	احتساب
sum of the years	مجموع سنوات العمر الانتاجي
double declining balance	مضاعف النسبة الثابتة
Machine	ماكينة

Working	عمل
Hours	ساعات
Remaining	المحافظة
Existing	الموجود او الحالي
Purpose	غرض
Producing	انتاج
Later	لاحق
Issue	اصدار
Perpetual	الجرد المستمر
System	نظام
Treatment	معالجة
Processes	عمليات او معالجة
First	اول
Price	سعر
Second	ثاني
Found	يوجد
Review	يراجع
Necessary	ضروري او لازم
Posting	ترحيل
Periodic	جرد دوري
Beginning	اول او بداية
Events	احداث
Occurred	حدثت او وقعت
Fifo	ما يرد اولاً يصرف اولاً
Lifo	ما يرد اخرأ يصرف اولاً

Ledger	الأستاذ
General	عام
Posting	ترحيل
Right	صحيح او حق
Parties	اطراف او أجزاء
Confidence	ثقة
Dealing	تعامل
Provided	توفير
Customers	زبائن
Collected	تحصيل
write-off	شطب
uncollectible	غير قابلة للتحصيل
Surplus	فائض
Securities	أوراق مالية
Gains	مكاسب
Shares	اسهم
Trading	تجارية
Fair	عادلة
Unrealized	غير متحققة
Holding	يحتفظ
Case	حالة
Cheque	شيك
Obligations	التزامات
Supplier	مجهز
Transaction	معاملة
Reliably	اعتماد
Same	نفس

Borrowed	اقترض
International	دولي
Questions	أسئلة
Residual	المتبقي
Deduct	يخفض
Include	يتضمن
Cope	مواجهة
Possible	ممكنة
Cases	حالات
Occur	تقع
Show	يعرض
Cause	سبب
Difference	اختلاف
Represents	تمثل
Configure	يخفض
Reduced	يخفض
Established	انشاء
Distributed	موزعة
Realized	متحققة
reconciliation	تسوية
Sends	يرسل
Client	عميل
Books	سجلات
Reach	يصل
Correct	الصحيح
Focus	يركز
Deposits	ايداعات
in transit	في الطريق
Errors	أخطاء

Withdrawn	مسحوبات
Undrawn	غير مسحوبة
Checks	شيكات
Collections	تحصيلات
Rejected	مرفوضة

