

Past Final Exam

إعداد

هبة محمد احمد

Chapter 17 10 marks

stcl puel

FinanPosl

❖ Question 1: for Financial Statements – SoPoL and SoFP

Below is the adjusted trial balance of Hadi Company that is in the merchandising of shoes business

| Hadi Company Adjusted Trial Balance 31 December 2023 | | |
|--|---------------|---------------|
| Account | Debit | Credit |
| Cash | 7,300 | |
| Accounts receivable | 3,300 | |
| Equipment | 15,000 | |
| * Closing Inventory | * 1,800 | |
| Accumulated depreciation - equipment | | 4,000 |
| Accounts Payable | | 5,500 |
| Prepaid revenue | | 7,000 |
| Owner's equity = Capital. | | 15,600 |
| Owner's drawing | 3,500 | |
| Revenue from shoes | | 7,900 |
| Sales return and allowances | 200 | |
| Sales discount | 50 | |
| Cost of goods sold | 950 | |
| Administration expense | 800 | |
| Depreciation expense | 3,700 | |
| Rental expense | 3,400 | |
| Total | 40,000 | 40,000 |

At the end of the financial year 31st December 2023, the ending inventory is was SR55,000.

You are required to prepare

c. Statement of Profit and Loss

d. Statement of Financial Position

Hady. Campuz
Stat of Profit and Loss.

31/Dec 2023

| | | |
|-------------------------|-------------------|--|
| | Sale - Ret - disc | |
| Sale (7900 - 200 - 50). | 7650. | |
| | - | |
| ← Cost of good sold | 950 | |
| | <hr/> | |
| | 6700. | |

① = Gross profit.

operat exp.

Admen exp. 800 +
Pep exp 3700 +
Ret exp 3400 → (7900)

② Net Loss. - 1200. ✱
+

Statement of Financial Position

Assets.

Non Current Asset:-

| | | |
|--------------------|-------|-------|
| Equip | 15000 | |
| Accum. Dep. (4000) | | 11000 |

Current Assets.

| | | | |
|---------|------|-------|-----|
| Cash | 7300 | | (+) |
| Receiv | 3300 | | |
| Invent. | 1800 | 12400 | |

| | |
|--------------|-------|
| Total Assets | 23400 |
|--------------|-------|

Liab + Equity.

Equity:-

| | |
|-----------------------|--------|
| Capital & com stock | 15600 |
| Profit ← Loss of year | -1200 |
| - Drawin & Dividing. | -3500 |
| Total Equ | 10900. |

Liab:-

Current Liab.

| | |
|--------------|-------|
| A.P. | 5500 |
| Prepaid Rent | 7000. |
| | 12500 |

| | |
|----------------------|-------|
| Total Liab + Equity. | 23400 |
|----------------------|-------|

(=)

❖ Question 2:

A company shows this trial balance at the end of 2024:

| Account | Debit | Credit |
|--------------------------------------|--------------|---------------|
| Factory | SR 8,000,000 | |
| Buildings (headquarters) | SR 4,500,000 | |
| Accumulated depreciation (Factory) | | SR 2,000,000 |
| Accumulated depreciation (Buildings) | | SR 2,400,000 |
| Accounts payable | | SR 235,000 |
| Sales revenue | | SR 12,000,000 |
| Selling (marketing) expenses | SR 150,000 | |
| Cost of goods sold | SR 8,000,000 | |
| Administrative expenses | SR 700,000 | |
| Machinery | SR 1,500,000 | |
| Allowance for A/R | | SR 100,000 |
| Accounts receivable | SR 1,600,000 | |
| Capital | | SR 5,000,000 |
| Reserves | | SR 115,000 |
| Long term debt | | SR 4,000,000 |
| Inventory: finished goods | SR 1,200,000 | |
| Prepaid expenses | SR 20,000 | |
| Cash | SR 180,000 | |
| | SR | SR |
| | 25,850,000 | 25,850,000 |

Prepare the following financial statements:

- 1- Balance sheet
- 2- Profit and loss account

Prepaid ex → A
Prep Rev → L

stat Profit and Loss:

| | |
|----------------------|------------|
| Sale Revenue | 12000 000. |
| <u> </u> | |
| * COGS | * 8000 000 |
| <u> </u> | |
| [1] = Gross profit | 4000 000 |
| <u> </u> | |
| operating: | |
| selling exp 150 000. | |
| adm exp 700 000. | |
| <u> </u> | |
| * = Net income | + 3150,000 |

COGS او اما جنة با حرة.

openin Invatry.
+
Purchase

-
Closins Invatry.

COGS.

stat finan position

Asset-

Non Curr Asset

| | |
|---------------------|---------|
| Machin | 1500000 |
| Factory 800000 | + |
| - Accruep (2000000) | 6000000 |
| Buildi 450000 | + |
| - Accruep (2400000) | 2100000 |
| Total NCA | 9600000 |

Currnt Asset

| | |
|----------------------|---------|
| Cash | 180000 |
| Prepaid exp. | 200000 |
| Inventr | 1200000 |
| AR 1600000 | + |
| - Allowance (100000) | 150000 |
| | 2900000 |

Total Asset. 12500000

Liab + Equity.

Equity.

| | |
|--------------|---------|
| Capital | 5000000 |
| Reserve | 1150000 |
| * Net income | 3150000 |
| | 8265000 |

Liab.

Non CL:

Longterm debt 4000000

Curr Liab.

AP

235000

Total Liab. 4235000

Total Liab + Equity. 12500000

Chapter 6 8 marks

FIFO *
W/A (periodic).

❖ Question 1:

Gadget Galaxy had the following inventory transactions for a specific type of drone during the month of May:

- May 1: Beginning Inventory - 50 drones at a cost of SAR 500 each.
- May 10: Purchased 100 drones at a cost of SAR 550 each.
- May 22: Sold 120 drones at SAR 650 → sp.
- May 28: Purchased 80 drones at a cost of SAR 600 each.

Assuming Gadget Galaxy uses the First-In, First-Out (FIFO) inventory costing method, what is the value of the ending inventory (closing balance) of drones at the end of May?

64500

| | Unit | Cost/unit | Total Cost |
|-----------|------|-----------|------------|
| begin Inv | 50 | 500 | 25000 * |
| → Purch | 100 | 550 | 55000 * |
| → Purch | 80 | 600 | 48000 * |
| | 230 | | 128000 * |

Sold 120
 FI 110
 FIFO

| | |
|---|---|
| $50 \times 500 = 25000$ $70 \times 550 = 38500$ <hr/> 120 | $80 \times 600 = 48000$ $30 \times 550 = 16500$ <hr/> 64500 |
| COGS | COEI * |
| 128000 * | |

* Calculate Gross profit

Sale Revenue (sold x sp.) (120 x 650). 78000.

COGS: opening Invent 25000
 + Purch + 103000
 - Ending Inve - 64500

63500.

Gross profit

14500

❖ Question 2:

A company presents the following data regarding its inventory:

01.01.2025 Beginning inventory = 1,000 units at SR50

05.01.2025 Purchase = 4,000 units at SR60

15.01.2025 Sale = 4,500 units

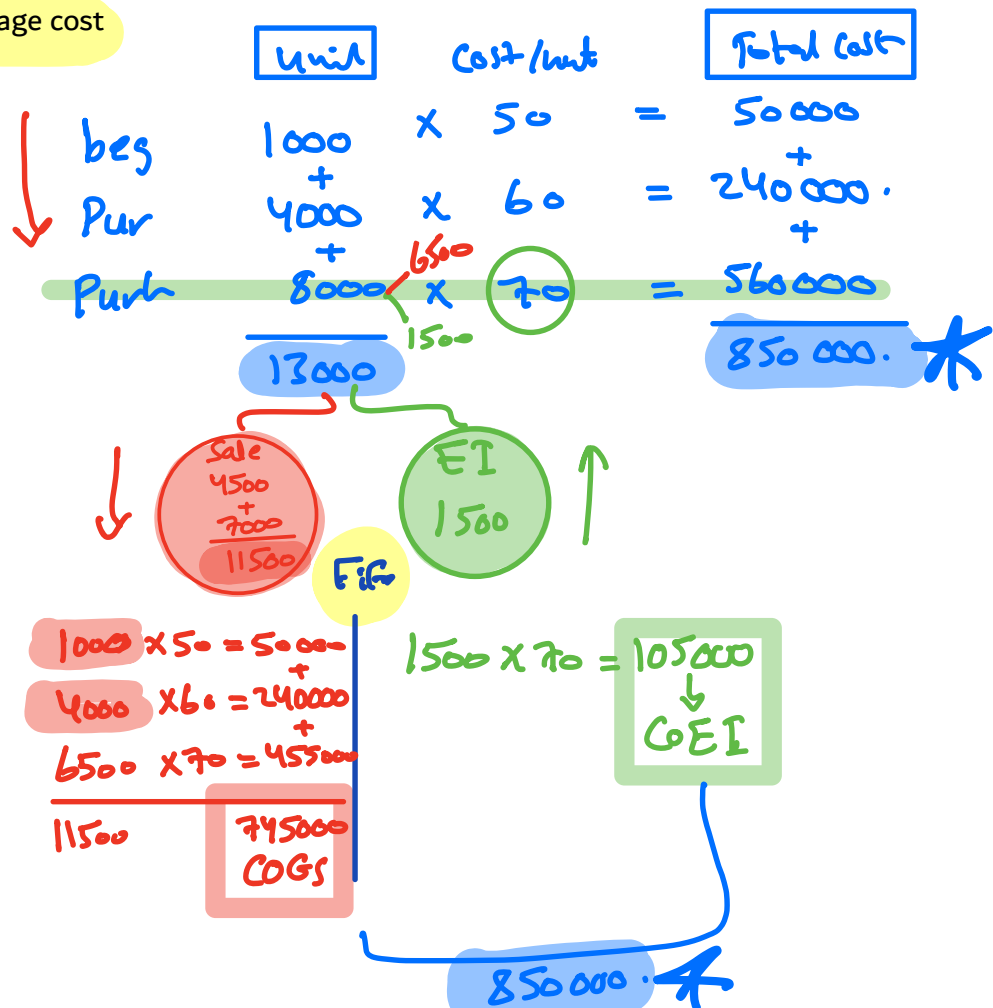
20.01.2025 Purchase = 8,000 units at SR70

28.01.2025 Sale = 7,000 units

Show the ending inventory (units and total SR cost) following:

3-FIFO method

4-Periodic average cost



WA (periodic).

$$WA = \frac{850000}{13000} = 65.4$$

$$COGS = 65.4 \times 11500 = 751,923.$$

$$COEI = 65.4 \times 1500 = 98,077$$

جميع الحقوق محفوظة لمركز مهارات الأعمال للتدريب ولا يجوز نسخها أو تصويرها إلا بإذن المركز

850000 *

❖ **Question 3:**

Umar Tech Solution Company uses the continuous average cost method to value its inventory of "giggles" tablets. There are many consumers using these tablets and found them cheap and useful for daily use. In order to determine the ending value of its inventory and gross profit for the month, here are the inventory transactions for the month of May 2025:

May 1, beginning inventory of 75 units at SR250 per tablet

May 5, purchase of 50 units at SR270 per tablet

May 12, sold 60 units of tablets

May 18, purchase 40 units at SR260 per tablet

May 25, sold 30 units of tables

May 28, purchase 25 units at SR280 per tablet

May 31, sold 35 units of tablets.

❖ **Instructions:**

- c. Determine the value of the ending inventory of Umar Tech Solution Company as of May 31, 2025, using the continuous average cost method. Show all your calculations.
- d. If Umar Tech Solution Company's total revenue from the sale of "giggles" tablets in May 2025 was SAR 48,000, calculate the cost of goods sold and the gross profit for the month.

❖ Question 4:

(a) Storm, an entity, had 500 units of product X at 30 June 20X5. The product had been purchased at a cost of \$18 per unit and normally sells for \$24 per unit. Recently, product X started to deteriorate but can still be sold for \$24 per unit, provided that some rectification work is undertaken at a cost of \$3 per unit.

What was the value of closing inventory at 30 June 20X5?

(b) Hurricane, an entity, had 1,500 units of product Y at 30 June 20X8. The product had been purchased at a cost of \$30 per unit and normally sells for \$40 per unit. Recently, product Y started to deteriorate and can now be sold for only \$38 per unit, provided that some rectification work is undertaken at a cost of \$10 per unit.

What was the value of inventory at 30 June 20X8?

(A) Cost EI 18 (١٨) Net Realizable value.

| | |
|--------------------|-----------|
| SP | 24 |
| Cost of sell | 3 |
| Cost of completion | 0 |
| | <u>21</u> |

Value of inventory $18 \times 500 = 9000$.

(B) Cost 30 Net Realizable value

| | |
|------|-----------|
| SP | 38 |
| Cost | 10 |
| | <u>28</u> |

Value of inventory $= 28 \times 1500 = 42000$.

Ch 7

Purch 1/1 beg
Purch 1/7 end

Cost →
Year
residual. %

* Purch
Asset

Cash/AP

- 1) deprec.
- 2) Accumdep.
- 3) Book value

1
2

Strisline
declin Bal.

$$\square \text{ deprec} = \text{strisline} = \frac{\text{Cost} - \text{residual}}{\text{Year}} = \square \quad \times \frac{m}{12}$$

$$* (\text{Cost} - \text{resid}) \times \% = \square$$

$$\text{declining} * \square \text{ Cost} \times \% = \square \quad \times \frac{m}{12}$$

$$\square \text{ Cost} - \square = \text{book val} \times \%$$

* Jour deprec

Accumdep.

$$\square \text{ Accumdep.} = \text{deprec.} \times \text{yrs}$$

$$\square \text{ Book value} = \text{Cost} - \text{Accumdep.}$$

* Journal

Cash (SP).

Accumdep.

Loss on disposal

Assets lost

Gain on disposal

Disposal - Sale. ③

* Calculate.

$$\text{SP} - \text{Book value} = \begin{matrix} + \text{gain} \\ - \text{loss} \end{matrix}$$

↓

$$\text{Cost} - \text{Accum.}$$

Chapter 7 8 marks

bes.

Question 1:

On January 1, 2025, Al-Amanah Trading Company purchased a piece of machinery for SAR 150,000. The estimated useful life of the machinery is 5 years, and its estimated residual value is SAR 15,000. Al-Amanah's financial year ends on December 31st.

Instructions:

- e. Calculate the depreciation expense for the machinery for the years ended December 31, 2025, 2026, and 2027 using the straight-line method. Also, determine the net book value of the machinery as of December 31, 2027, under this method.
- f. Calculate the depreciation expense for the machinery for the years ended December 31, 2025, 2026, and 2027 using the reducing balance method at a rate of 30% per annum. Also, determine the net book value of the machinery as of December 31, 2027, under this method.
- g. Assume that Al-Amanah Trading Company disposes of the machinery on December 31, 2027, for SAR 65,000. Using the ~~straight-line method~~ and reducing balance method for depreciation (as calculated in part b), calculate the profit or loss on the disposal of the machinery (show calculation).
- h. Prepare the journal entry to record the disposal of the machinery on December 31, 2027, ~~using the straight-line method~~ and reducing balance method.

(A) Cost 150000
÷ Year 5 years.
- residual 15000.

| | | | |
|-----------------------|----------|---------------------------------|---|
| deprec. | Year | | % |
| <u>Book Value</u> | <u>3</u> | <u>$\frac{1}{2}$</u> | |
| straight-line method. | | | |

$$\begin{aligned} \text{deprec 2025} &= \frac{150000 - 15000}{5} = 27000 \\ \text{deprec 2026} &= 27000 \\ \text{deprec 2027} &= 27000 \end{aligned}$$

deprec 27000
Accumdep 27000

* Book value = Cost - Accumdep. €!

$$150000 - 81000 = 69000.$$

(B) dep exp.
Book Value Year $\frac{1}{2}$ reducing balance method at:
3 30%

$$\text{dep exp 2025} = 15000 \times 30\% = 45000.$$

$$\text{dep exp 2026} = 15000 - 45000 = 105000 \times 30\% = 31500$$

$$\text{dep exp 2027} = 105000 - 31500 = 73500 \times 30\% = 22050$$

Book Value = Cost - Accumul.

$$15000 - \begin{array}{r} 45000 \\ 31500 \\ 22050 \\ \hline 98550 \end{array} = 51450.$$

(d)

- ① Cash 65000.
- +
 ② Accumul 98550

② Mach 150000
 gain on dis 13550

$$65000 + 98550 - 150000 = +13550 \text{ gain}$$

(C)

SP - Book Value = + gain
 - loss.

$$65000 - 51450 = +13550 \text{ gain}$$

❖ Question 2:

A company purchased a new machine on 01.01.2025. The cost of the machine was SR10,000,000. The company will depreciate the machine following the reducing balance method, at a rate of 50%. Show the journal entries corresponding to this depreciation for the dates 31.12.2025 and 31.12.2026.

beg.

Cost 10 000 000.

dep + Journal

$\frac{1}{2}$

reducing balance method,

$$\text{deper 2025} = 10\,000\,000 \times 50\% = 5\,000\,000$$

deper 5 000 000

Accu deper 5 000 000

$$\text{deper 2026} = 10\,000\,000 - 5\,000\,000 = 5\,000\,000 \times 50\% = 2\,500\,000$$

deper. 2 500 000

Accu deper 2 500 000.

❖ Question 3:

MDLBEAST, the company organizing Sound storm festival, purchased a truck to transport musical & sound devices on 01.01.2025. The company paid SR 800,000 for the truck.

MDLBEAST plans to use the truck for 10 years, value. After 3 years, in 01.01.2028,

MDLBEAST sells the truck in SR 600,000 in cash. with a straight line depreciation and with no salvage

1. Explain in which of the 5 categories of the accounting equation will MDLBEAST included the truck: non-current asset, current asset, equity, current liability, non-current liability.
2. Why MDLBEAST included the truck in that category?
3. Record the sale of the truck on the journal.

$$\text{Cost} = 800,000$$

$$\text{Year} = 10$$

$$\text{Salvage} = 0$$

$$\text{depre} = \frac{800,000 - 0}{10} = 80,000$$

$$80,000$$

$$80,000$$

$$\text{Accu } 240,000$$

(1) non-current asset

(2) Purch Truck for used 10 year → NCA
more than 1 year.

(3) Cash 600,000

Accu dep. (?) 240,000

Truck 800,000
gain 40,000

$$600,000 + 240,000 - 800,000 = +40,000 \text{ gain (cr)}$$

ch 10

Adjusting

- 1) Prepaid exp → Paid before ser (A) (2)
- 2) Prepaid Income → receive before ser (L)
- 3) Accrued exp → not paid (L)
- 4) Accrued Income → not received (A)

Chapter 10 3 marks

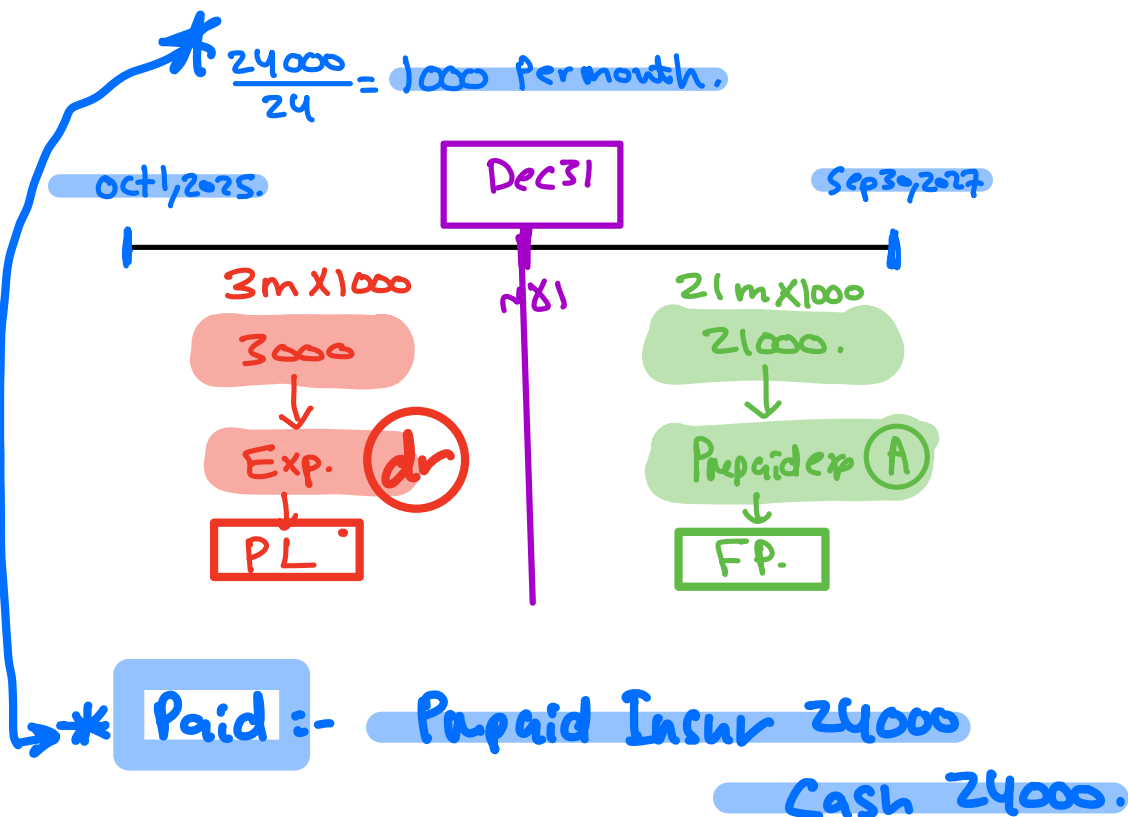
❖ Question 1:

On October 1, 2025, Al-Aman Insurance Company paid SAR 24,000 for a two-year insurance policy covering the period from October 1, 2025, to September 30, 2027. Al-Aman's fiscal year ends on December 31st.

3000

What amount of insurance expense should Al-Aman Insurance Company recognize on its income statement for the year ended December 31, 2025, and what is the balance of the prepaid insurance account on its balance sheet as of December 31, 2025? 21000

Please write the journal entry for (a) initial payment and the (b) adjustment made to insurance expense at the end of financial year?



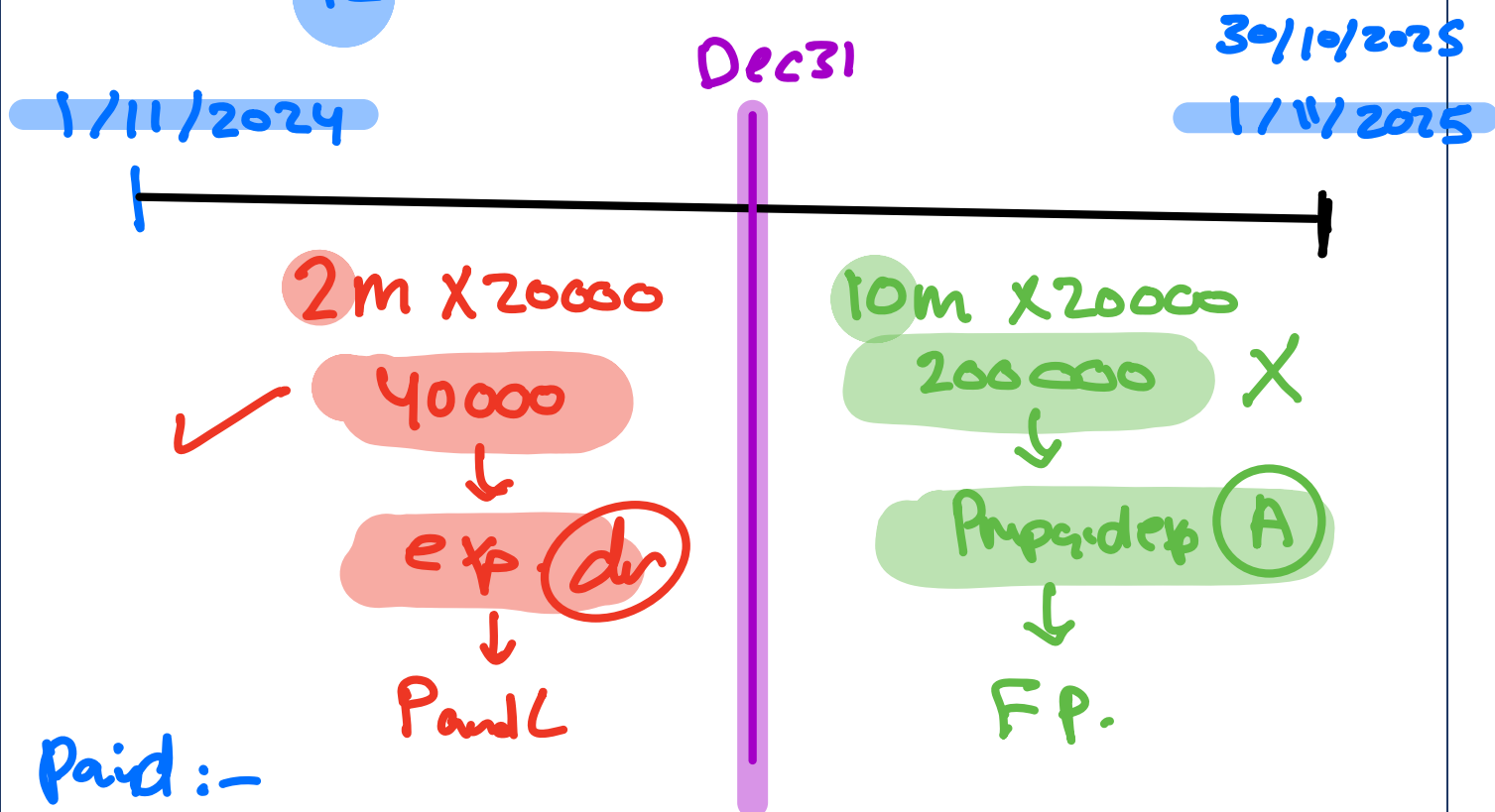
*** Adj :-** Insur exp. 3000
Prepaid Insur 3000.

❖ Question 2:

Prepaid exp

A company reports from January 1st until December 31st. The company signed the contract of an insurance policy to cover risks in its factory. The company paid on 01.11.2024 the insurance premium of SR240,000. This payment ensures insurance coverage until 31.10.2025. Please, show the journal entries that correspond to 2024 and 2025 regarding this transaction.

$$\frac{240000}{12} = 20000$$



Paid :-

* Prepaid Insur 240000

Cash 240000

Adj :- Insur (exp) 40000

* Prepaid Insu 40000.

❖ Question 3

Prepaid Income

Salamiah Company received SAR 120,000 on 1st October 2024 from a tenant for rental income covering a 12-month period in advance. The company's financial year ends on 31st December 2024. Explain how this transaction should be recorded in the accounting records for the year ended 31st December 2024. Also, show the journal entries.

$$\frac{120000}{12} = 10000 \text{ per month.}$$

1/10/2024

Dec 31, 2024

1/10/2025

3m x 10000

30000



Income (Cr)



PandL

9m x 10000

90000



Prepaid Income (L)



FP.

Receive:- Cash

120000

Prepaid Income 120000

Adj:-

Prepaid Income 30000

Income 30000

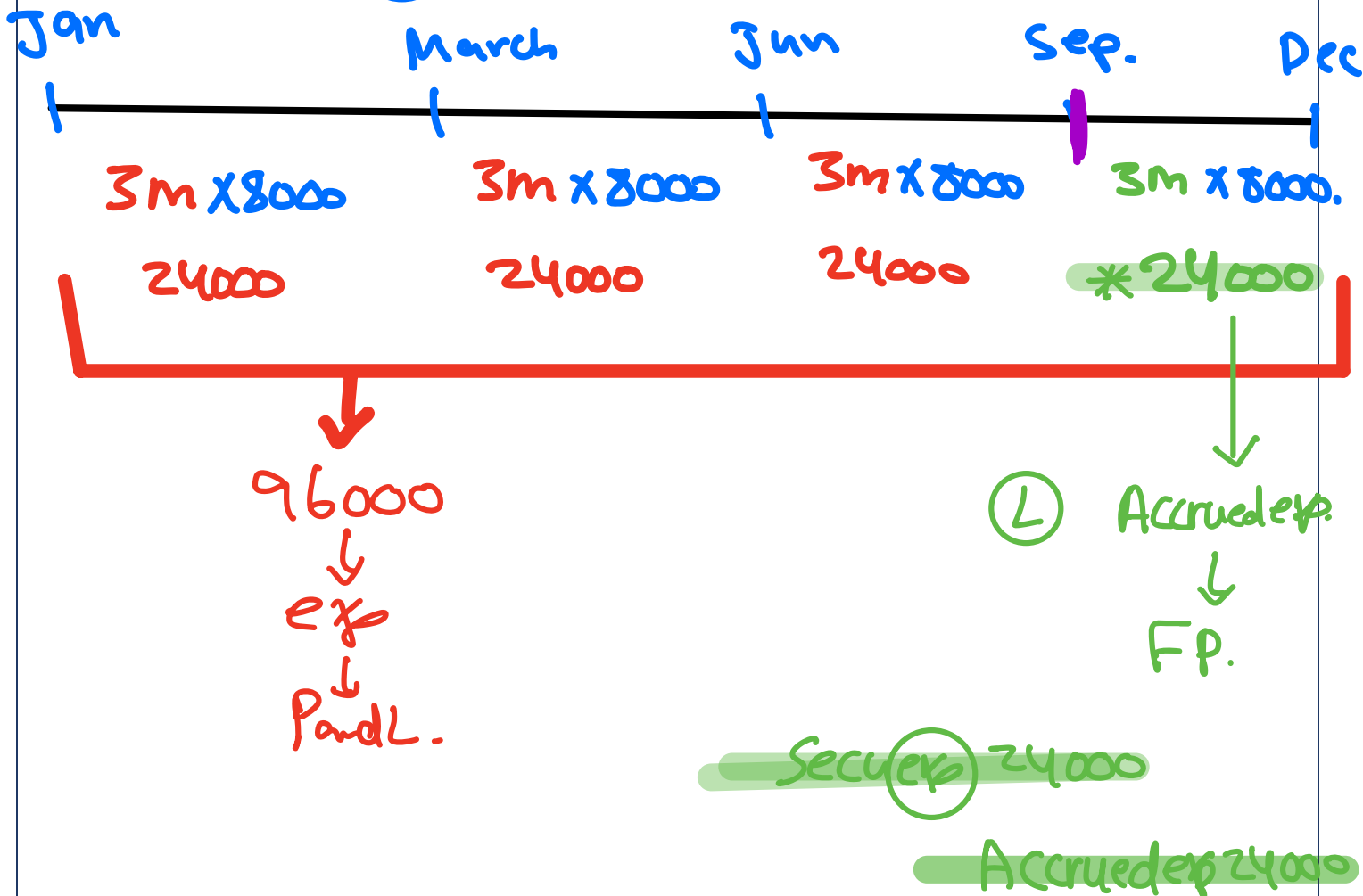
Accrued exp → not paid —

❖ Question 4:

Azeem Company has a service contract with a security company for SAR 8,000 per month.

Payments are made quarterly in arrears. By 31st December 2024, the company had paid only up to September 2024 (i.e., for the first 9 months). The remaining amount for October to December 2024 will be billed and paid in January 2025. The company uses the accrual basis of accounting. Explain how Azeem Company should account for the security expenses in the financial statements for the year ended 31st December 2024. Provide the necessary journal entries and explain how the expenses and accruals should be reported in the income statement and balance sheet.

$$\frac{\boxed{}}{\bigcirc} = 8000 / \text{month.}$$

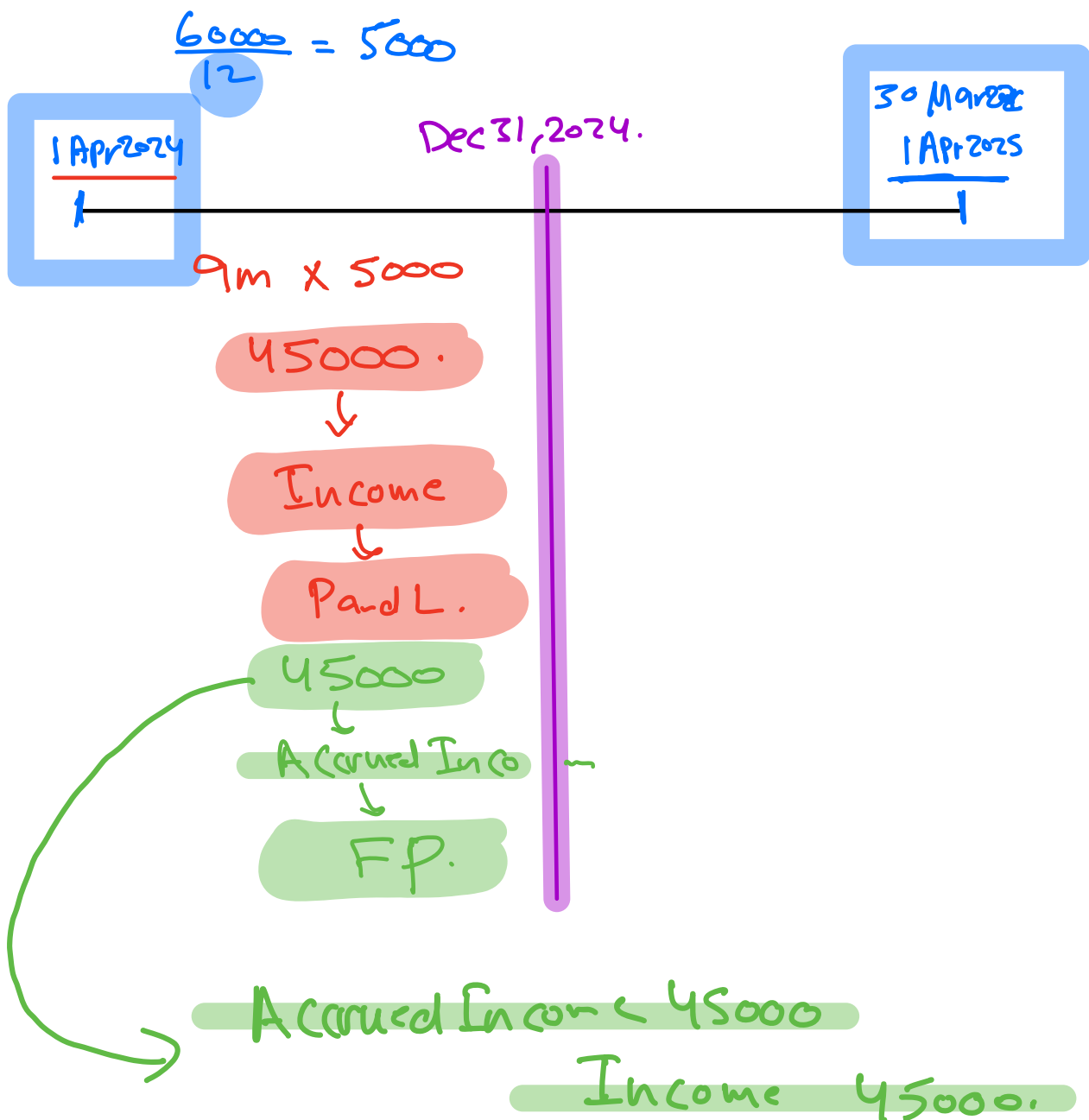


A ~~Accrued~~ Income → not receive.

❖ Question 5:

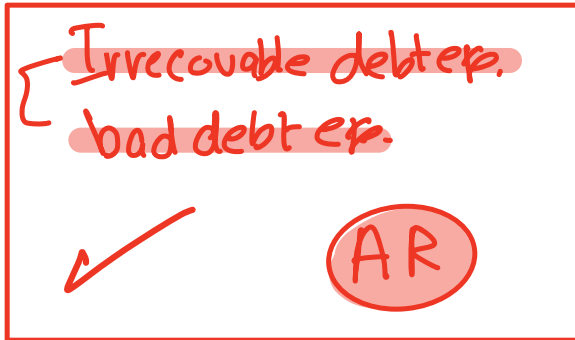
Razali Company provides financial advisory services and charges clients on an annual basis.

On 1st April 2024, the company signed a SAR 60,000 contract to provide consulting services for 12 months (from 1st April 2024 to 31st March 2025). The client agreed to pay the full amount upon completion of the service in March 2025. As of 31st December 2024, no payment has been received and no income has been recorded yet. Razali Company prepares its financial statements on a calendar-year basis. Under the accrual accounting principle, how should this transaction be accounted for in the year ended 31st December 2024? Show the journal entry and explain how it would appear in the financial statements.

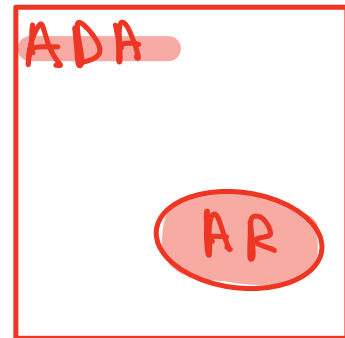


Write off (un collectable).

Direct.



* allowance.



Adj ADA

المبلغ الذي
نكتبه

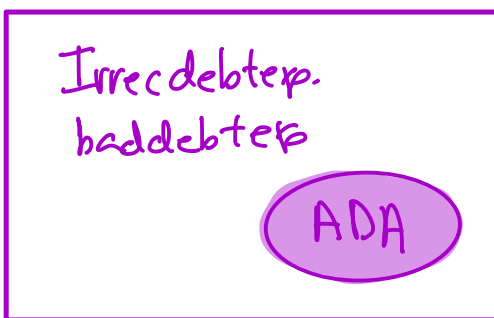
want.

aging AR

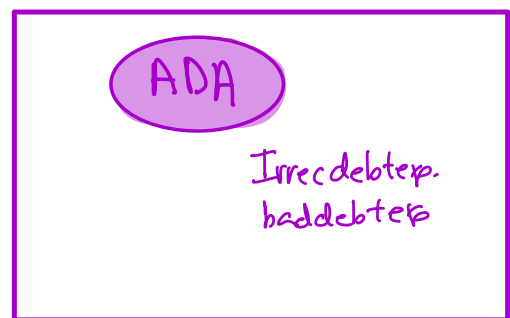
مقدار

$$\text{End ADA} - \text{beg ADA} + \text{write off} - \text{collect aft} = \text{Irrecoverable bad debt}$$

⊕



⊖



AR (beg + CrSale - collect - writ.)

ADA

End.

Net Receiv

Chapter 11 3 marks

❖ Question 1:

At the beginning of 2025, Al-Falah Company had a credit balance of SAR 28,000 in its allowance for doubtful accounts. During the year, the company wrote off SAR 15,000 of uncollectible accounts. At December 31, 2025, an aging analysis of the accounts receivable indicated that SAR 55,000 is estimated to be uncollectible.

What amount should Al-Falah Company recognize as irrecoverable debt expense (bad debt expense) for the year ended December 31, 2025?

قائمة

beg ADA 28000.

Write off 15000 → ADA 15000

End ADA 55000

AR 15000

$$\begin{array}{rclcl} \text{End} & - & \text{beg} & + & \text{write off} & = & \text{Irredebter} \\ 55000 & - & 28000 & + & 15000 & = & +42000 \end{array}$$

Irrecab debt exp 42000

ADA 42000.

❖ Question 2:

During its fiscal year ended December 31, 2024, Al-Salam Trading Company had an outstanding accounts receivable balance of SAR 750,000. The company uses the allowance method to account for uncollectible accounts. At the beginning of the year, the allowance for receivables accounts had a credit balance of SAR 35,000. Throughout the year, Al-Salam Trading Company determined that SAR 18,000 of accounts were uncollectible and wrote them off. At year-end, an aging of accounts receivable indicated that SAR 62,000 of the remaining receivables were estimated to be doubtful.

Based on this information, what amount should Al-Salam Trading Company recognize as irrecoverable debt expense (bad debt expense) for the year ended December 31, 2024?

AR 750 000.

bes ADA 35000.

Writtoff 18000 → ADA 18000
AR 18000
End ADA 62000.

$$\text{End} - \text{bes} + \text{Writtoff} = \text{Irrecoudebtex}$$

$$62000 - 35000 + 18000 = 45000.$$

Irrecoudebtex 45000

ADA 45000.

❖ Question 3:

Rosa Company sells Calculators. Rosa Company receivables account has a balance of SR67,000 on 31st March 2024 before making the following adjustments:

a) Debts amounting to SR7,000 to be written off because it is believed that they are irrecoverable.

b) Rosa Company decides to make a specific allowance of SR2,500, in which Rosa Company's allowance for receivables on 1st April 2023 was SR4,500. end. beg.

i) Prepare journal entries for the above transactions?

ii) Calculate the net receivable on 31st March 2024 after adjusting for the above two transactions.

$$AR = 67000$$

(a) Writeoff 7000.

Irrecdebtexp 7000

AR 7000

$$(b) \text{ End } - \text{ beg } + \text{ write } = \text{ Irrecdebtexp. } - 2000$$

$$2500 - 4500 + x$$

ADA 2000

Irrexp 2000.

$$(c) \begin{array}{r} AR (67000 - 7000) \\ - \\ ADA \end{array} \begin{array}{r} 60000 \\ - \\ 2500 \end{array}$$

Net Receiv 51

57500

❖ Chapter 5 ❖ MCQ ❖

❖ Question 1:

A company sold merchandise to a customer for SR100,000 on credit. Cash discount is 5% if settled within 7 days. The company felt the discount would not be taken by the customer. The customer, however, paid in 7 days from the invoice date and enjoyed the discount. post the journal entries corresponding to the sale and the cash receipt.

Notes:

$$5\% \times 100,000 = 5,000$$

$$100,000 - 5,000 = 95,000$$

$$100000 \times 5\% = 5000$$

$$100000 - 5000 = 95000$$

F N

| Sold | return | receive cash |
|---|-------------------|--|
| <div style="border: 1px solid black; padding: 5px; display: inline-block;">AR 100000</div> F Sale Revenue 100000 | Sale Return AR | cash 95000 < N Sale disc 5000 F AR 100000 exp N Notept F |

❖ Question 2:

A business made a credit sale to a customer amounting to SR350,000, with payment due in 45 days. However, five days after the sale, the customer returned goods worth SR80,000 due to defects. How should the company record the return transaction in its accounting records?

Sold:-

AR 350000

Sale Revenue - 350000.

Return :-

Sale Return 80000

AR 80000.

❖ Question 3:

A company grants a 15% trade discount to certain preferred customers. Additionally, it offers a 3% early payment discount to credit customers. A customer makes a credit purchase of goods listed at SR8,000 and qualifies for the trade discount. However, the company believes the customer is unlikely to take advantage of the early settlement discount. What amount of revenue should the company recognize at the time of the sale?

$$8000 \times 15\% = 1200$$

$$8000 - 1200 = 6800$$

Sold

AR 6800

SaleRev 6800 → Reven 6800.

❖ Question 4:

On March 5, 2025, Company X sold goods on credit to Customer Y for SR4,000, offering a 2% early payment discount if payment is made within 7 days of the invoice date. At the time of sale, Company X reasonably expected the customer to take advantage of the discount. On March 11, 2025, Customer Y settled the invoice within the discount period and qualified for the discount. What journal entry should Company X record upon receiving the payment?

$$4000 \times 2\% = 80$$

$$4000 - 80 = 3920$$

F N

Sold

AR 3920

SaleRev 3920

received

Cash 3920 → N

AR 3920

↓
N
لأنه تسع.

Chapter 3 MCQ

❖ Question 1:

A business has the following position in its Statement of Financial Position, that are as follows: Assets SR600,000, Liabilities SR250,000, and Equity SR350,000. The company then raises additional funds by issuing new ordinary shares, receiving SR120,000 in cash. This amount is immediately deposited into the company's bank account. What will the accounting equation look like after recording this transaction?

$$\begin{array}{rcl} A & = & L + \text{Equit} \\ 600000 & = & 250000 + 350000 \end{array}$$

+

120000

+

120000

$$720000 = 250000 + 470000$$

❖ Multiple choices :

1. A company applies PERIODIC weighted average, and it reports the following data for its inventory:

| | Units | Unit cost |
|---------------------|-------|-----------|
| Beginning inventory | 1,000 | SR10 |
| Purchase | 5,000 | SR22 |
| Sale | 5,900 | |

What is the value of the ending inventory?

- a. SR1,600
b. SR2,200
c. SR1,000
d. SR2,000

| | Unit | Cost | Total |
|-----|------|------|----------|
| bes | 1000 | x 10 | = 10000 |
| Pur | 5000 | x 22 | = 110000 |
| | 6000 | | 120000 |

Sold 5900

ET 100

WA = $\frac{120000}{6000} = 20 \times 100 = 2000$

2. A company has an accounting year from January 1st until December 31st. On December 28th 2024, the company receives from a customer SR500,000 as the payment of a service that the company will provide in the first quarter of 2025. What is the journal entry the company should record to register this cash receipt?

- a. DEBT CREDIT
Debit. Cash SR500,000
Debit. Prepaid income (unearned revenue) SR500,000
- b. DEBT CREDIT
Debit. Cash SR500,000
Debit. Sales revenue SR500,000
- c. DEBT CREDIT
Debit. Sales revenue SR500,000
Debit. Cash SR500,000
- d. DEBT CREDIT
Debit. Prepayment SR500,000
Debit. Cash SR500,000

$\frac{500000}{3} = 166000$

Dec 31

Cash 500 000

ق3

3. ABC Corporation has purchased a new machinery for its factory (purchasing price SR 1,000,000), in cash. Which journal entry should be recorded by ABC Corporation?

- a.**
- | | DEBT | CREDIT |
|----------------------------|--------------|--------------|
| Debit. Accounts receivable | SR 1,000,000 | |
| Credit. Revenues | | SR 1,000,000 |
- b.**
- | | DEBT | CREDIT |
|-------------|--------------|--------------|
| Debit. Cash | SR 1,000,000 | |
| Machinery | | SR 1,000,000 |
- c.**
- | | DEBT | CREDIT |
|------------------|--------------|--------------|
| Debit. Machinery | SR 1,000,000 | |
| Credit. Cash | | SR 1,000,000 |
- d.**
- | | DEBT | CREDIT |
|--------------------------|--------------|--------------|
| Debit. Machinery | SR 1,000,000 | |
| Credit. Accounts payable | | SR 1,000,000 |

beg
COGS

over
EI → A
Prof → E

4. If ending inventory is overvalued:

- a.** Assets are overstated in the statement of financial position and profit is overstated in the statement of profit or loss (as cost of sales is lower).
- b.** Capital will increase in the same amount.
- c.** Non-current assets are overstated in the statement of financial position.
- d.** There is no impact on either statement of financial position or statement of profit or loss.

ق4

5. What is a characteristic of limited liability companies?

- a.** The liability is limited, which means that shareholders may lose all their personal assets (houses, cars, etc.) if the company goes bankrupt.
- b.** The liability is limited, which means that if the company goes bankrupt, the maximum loss for shareholders would be the price they paid for their stock of the company.
- c.** They are usually owned by one person.
- d.** These companies can be started informally, i.e., not following any legal procedure set by the corporate law.

b.

chs

6. A company sold goods worth SR10,000 on credit. Cash discount is 10% if settled within 8 days. The company felt the discount would be taken by the customer. The customer, however, did not do as expected and paid in 30 days from the invoice date. The selling company's journal entry for the cash receipt will be:

Notes:

$$10\% \times 10,000 = 1,000$$

$$10,000 - 1,000 = 9,000$$

a.

F

N

AR 9000

Sales 9000

Cash 10000

AR 9000

Sales 1000.

DEBIT

CREDIT

Debit. Cash SR10,000

Credit. Sales revenue SR1,000

Credit. Accounts receivable SR9,000

b.

DEBIT

CREDIT

Debit. Cash SR9,000

Credit. Accounts receivable SR9,000

c.

DEBIT

CREDIT

Debit. Cash SR10,000

Credit. Accounts receivable SR10,000

d.

DEBIT

CREDIT

Debit. Cash SR9,000

Debit. Sales revenue SR9,000

A.

ch 11

7. A company sold SR50,000 on credit (payment in 60 days). The payment was not received in the due date. The company does some research and finds out that the customer went bankrupt and will be impossible to recover the amount. How should the selling company record this situation on the journal?

| a. | Account | Debit | Credit |
|----|----------------------------|----------|----------|
| | Accounts receivable | SR50,000 | |
| | Cash | | SR50,000 |
| b. | Account | Debit | Credit |
| | Cash | SR50,000 | |
| | Accounts receivable | | SR50,000 |
| c. | Account | Debit | Credit |
| | Irrecoverable debt expense | SR50,000 | |
| | Allowance for receivables | | SR50,000 |
| d. | Account | Debit | Credit |
| | Irrecoverable debt expense | SR50,000 | |
| | Accounts receivable | | SR50,000 |

Write off

Irrec debt exp

AR

| | | |
|--|--|----|
| | | d. |
|--|--|----|

8. Cost of a machine (non-current asset) is SR700,000. Its accumulated depreciation is SR200,000. This equipment could be "sold in the market for SR420,000. This equipment's net book value (carrying amount) is:

- a. SR500,000
b. SR700,000
c. SR420,000
d. SR900,000

$$\text{Cost } 700,000 - \text{Accum } 200,000 = 500,000 \text{ (a).}$$

9. An item of inventory was purchased for SR680. It is expected to be sold for SR700. To achieve this sale, selling cost of SR50 needs to be paid. At what value should this item of inventory be included in the financial statements?

- a. SR700
- b. SR650
- c. SR680
- d. SR750

Cost
680

د81

NRV
700 - 50
650

Ch

10. Choose which one is the capital expenditure regarding a machine:

- a. Cost of transporting the machine to the purchaser's facilities, paid by the purchaser.
- b. Cost of replacing some spare parts of the machine every three years. exp.
- c. Cost of electricity consumed by the machine while working. exp.
- d. Repainting the machine. exp.

(a)

Ch

11. What is a characteristic of financial accounting as compared with management accounting?

- X a. Financial accounting focuses on internal parties, while management accounting targets external users.
- X b. Financial accounting provides future oriented, timely information, while management accounting is based on historical data.
- X c. Financial accounting can be focused on specific areas of the company, while management accounting reports on the entire organization only.
- d. Financial accounting is regulated while management accounting is tailor made to what decision makers need.

d.

Fin → exte

Fin → histo

Fin → report

Man → inter

Man → his + fut

Man → specific

Past Final Exam

إعداد

هبة محمد احمد

❖ Chapter 17 ❖ 10 marks ❖

❖ Question 1: for Financial Statements – SoPoL and SoFP

Below is the adjusted trial balance of Hadi Company that is in the merchandising of shoes business

| Hadi Company Adjusted Trial Balance 31 December 2023 | | |
|--|---------------|---------------|
| Account | Debit | Credit |
| Cash | 7,300 | |
| Accounts receivable | 3,300 | |
| Equipment | 15,000 | |
| Closing Inventory | 1,800 | |
| Accumulated depreciation - equipment | | 4,000 |
| Accounts Payable | | 5,500 |
| Prepaid revenue | | 7,000 |
| Owner's equity | | 15,600 |
| Owner's drawing | 3,500 | |
| Revenue from shoes | | 7,900 |
| Sales return and allowances | 200 | |
| Sales discount | 50 | |
| Cost of goods sold | 950 | |
| Administration expense | 800 | |
| Depreciation expense | 3,700 | |
| Rental expense | 3,400 | |
| Total | 40,000 | 40,000 |

At the end of the financial year 31st December 2023, the ending inventory is was SR55,000.

You are required to prepare

- c. Statement of Profit and Loss
- d. Statement of Financial Position

❖ **Question 2:**

A company shows this trial balance at the end of 2024:

| Account | Debit | Credit |
|--------------------------------------|--------------|---------------|
| Factory | SR 8,000,000 | |
| Buildings (headquarters) | SR 4,500,000 | |
| Accumulated depreciation (Factory) | | SR 2,000,000 |
| Accumulated depreciation (Buildings) | | SR 2,400,000 |
| Accounts payable | | SR 235,000 |
| Sales revenue | | SR 12,000,000 |
| Selling (marketing) expenses | SR 150,000 | |
| Cost of goods sold | SR 8,000,000 | |
| Administrative expenses | SR 700,000 | |
| Machinery | SR 1,500,000 | |
| Allowance for A/R | | SR 100,000 |
| Accounts receivable | SR 1,600,000 | |
| Capital | | SR 5,000,000 |
| Reserves | | SR 115,000 |
| Long term debt | | SR 4,000,000 |
| Inventory: finished goods | SR 1,200,000 | |
| Prepaid expenses | SR 20,000 | |
| Cash | SR 180,000 | |
| | SR | SR |
| | 25,850,000 | 25,850,000 |

Prepare the following financial statements:

- 1- Balance sheet
- 2- Profit and loss account

❖ Chapter 6 ❖ 8 marks ❖

❖ Question 1:

Gadget Galaxy had the following inventory transactions for a specific type of drone during the month of May:

- May 1: Beginning Inventory - 50 drones at a cost of SAR 500 each.
- May 10: Purchased 100 drones at a cost of SAR 550 each.
- May 22: Sold 120 drones at SAR 650
- May 28: Purchased 80 drones at a cost of SAR 600 each.

Assuming Gadget Galaxy uses the First-In, First-Out (FIFO) inventory costing method, what is the value of the ending inventory (closing balance) of drones at the end of May?

❖ **Question 2:**

A company presents the following data regarding its inventory:

01.01.2025 Beginning inventory = 1,000 units at SR50

05.01.2025 Purchase = 4,000 units at SR60

15.01.2025 Sale = 4,500 units

20.01.2025 Purchase = 8,000 units at SR70

28.01.2025 Sale = 7,000 units

Show the ending inventory (units and total SR cost) following:

3-FIFO method

4-Periodic average cost

❖ **Question 3:**

Umar Tech Solution Company uses the continuous average cost method to value its inventory of "giggles" tablets. There are many consumers using these tablets and found them cheap and useful for daily use. In order to determine the ending value of its inventory and gross profit for the month, here are the inventory transactions for the month of May 2025:

May 1, beginning inventory of 75 units at SR250 per tablet

May 5, purchase of 50 units at SR270 per tablet

May 12, sold 60 units of tablets

May 18, purchase 40 units at SR260 per tablet

May 25, sold 30 units of tables

May 28, purchase 25 units at SR280 per tablet

May 31, sold 35 units of tablets.

❖ **Instructions:**

- c. Determine the value of the ending inventory of Umar Tech Solution Company as of May 31, 2025, using the continuous average cost method. Show all your calculations.
- d. If Umar Tech Solution Company's total revenue from the sale of "giggles" tablets in May 2025 was SAR 48,000, calculate the cost of goods sold and the gross profit for the month.

❖ **Question 4:**

(a) Storm, an entity, had 500 units of product X at 30 June 20X5. The product had been purchased at a cost of \$18 per unit and normally sells for \$24 per unit. Recently, product X started to deteriorate but can still be sold for \$24 per unit, provided that some rectification work is undertaken at a cost of \$3 per unit.

What was the value of closing inventory at 30 June 20X5?

(b) Hurricane, an entity, had 1,500 units of product Y at 30 June 20X8. The product had been purchased at a cost of \$30 per unit and normally sells for \$40 per unit. Recently, product Y started to deteriorate and can now be sold for only \$38 per unit, provided that some rectification work is undertaken at a cost of \$10 per unit.

What was the value of inventory at 30 June 20X8?

❖ Chapter 7 ❖ 8 marks ❖

❖ Question 1:

On January 1, 2025, Al-Amanah Trading Company purchased a piece of machinery for SAR 150,000. The estimated useful life of the machinery is 5 years, and its estimated residual value is SAR 15,000. Al-Amanah's financial year ends on December 31st.

❖ Instructions:

- e. Calculate the depreciation expense for the machinery for the years ended December 31, 2025, 2026, and 2027 using the straight-line method.
Also, determine the net book value of the machinery as of December 31, 2027, under this method.
- f. Calculate the depreciation expense for the machinery for the years ended December 31, 2025, 2026, and 2027 using the reducing balance method at a rate of 30% per annum. Also, determine the net book value of the machinery as of December 31, 2027, under this method.
- g. Assume that Al-Amanah Trading Company disposes of the machinery on December 31, 2027, for SAR 65,000. Using the FIFO and reducing balance method for depreciation (as calculated in part b), calculate the profit or loss on the disposal of the machinery (show calculation).
- h. Prepare the journal entry to record the disposal of the machinery on December 31, 2027, using the FIFO and reducing balance method.

❖ **Question 2:**

A company purchased a new machine on 01.01.2025. The cost of the machine was SR10,000,000. The company will
17depreciate the machine following the reducing balance method, at a rate of 50%. Show the journal entries corresponding to
this depreciation for the dates 31.12.2025 and 31.12.2026.

❖ **Question 3:**

MDLBEAST, the company organizing Sound storm festival, purchased a truck to transport musical & sound devices on 01.01.2025. The company paid SR 800,000 for the truck.

MDLBEAST plans to use the truck for 10 years, value. After 3 years, in 01.01.2028,

MDLBEAST sells the truck in SR 600,000 in cash. with a straight line depreciation and with no salvage

1. Explain in which of the 5 categories of the accounting equation will MDLBEAST included the truck: non-current asset, current asset, equity, current liability, non-current liability.
2. Why MDLBEAST included the truck in that category?
3. Record the sale of the truck on the journal.

Chapter 10 3 marks

❖ Question 1:

On October 1, 2025, Al-Aman Insurance Company paid SAR 24,000 for a two-year insurance policy covering the period from October 1, 2025, to September 30, 2027. Al-Aman's fiscal year ends on December 31st.

What amount of insurance expense should Al-Aman Insurance Company recognize on its income statement for the year ended December 31, 2025, and what is the balance of the prepaid insurance account on its balance sheet as of December 31, 2025?

Please write the journal entry for (a) initial payment and the (b) adjustment made to insurance expense at the end of financial year?

❖ **Question 2:**

A company reports from January 1st until December 31st. The company signed the contract of an insurance policy to cover risks in its factory. The company paid on 01.11.2024 the insurance premium of SR240,000. This payment ensures insurance coverage until 31.10.2025. Please, show the journal entries that correspond to 2024 and 2025 regarding this transaction.

❖ **Question 3:**

Salamiah Company received SAR 120,000 on 1st October 2024 from a tenant for rental income covering a 12-month period in advance. The company's financial year ends on 31st December 2024. Explain how this transaction should be recorded in the accounting records for the year ended 31st December 2024. Also, show the journal entries.

❖ **Question 4:**

Azeem Company has a service contract with a security company for SAR 8,000 per month. Payments are made quarterly in arrears. By 31st December 2024, the company had paid only up to September 2024 (i.e., for the first 9 months). The remaining amount for October to December 2024 will be billed and paid in January 2025. The company uses the accrual basis of accounting. Explain how Azeem Company should account for the security expenses in the financial statements for the year ended 31st December 2024. Provide the necessary journal entries and explain how the expenses and accruals should be reported in the income statement and balance sheet.

❖ **Question 5:**

Razali Company provides financial advisory services and charges clients on an annual basis. On 1st April 2024, the company signed a SAR 60,000 contract to provide consulting services for 12 months (from 1st April 2024 to 31st March 2025). The client agreed to pay the full amount upon completion of the service in March 2025. As of 31st December 2024, no payment has been received and no income has been recorded yet. Razali Company prepares its financial statements on a calendar-year basis. Under the accrual accounting principle, how should this transaction be accounted for in the year ended 31st December 2024? Show the journal entry and explain how it would appear in the financial statements.

❖ Chapter 11 ❖ 3 marks ❖

❖ Question 1:

At the beginning of 2025, Al-Falah Company had a credit balance of SAR 28,000 in its allowance for doubtful accounts. During the year, the company wrote off SAR 15,000 of uncollectible accounts. At December 31, 2025, an aging analysis of the accounts receivable indicated that SAR 55,000 is estimated to be uncollectible.

What amount should Al-Falah Company recognize as irrecoverable debt expense (bad debt expense) for the year ended December 31, 2025?

❖ **Question 2:**

During its fiscal year ended December 31, 2024, Al-Salam Trading Company had an outstanding accounts receivable balance of SAR 750,000. The company uses the allowance method to account for uncollectible accounts. At the beginning of the year, the allowance for receivables accounts had a credit balance of SAR 35,000. Throughout the year, Al-Salam Trading Company determined that SAR 18,000 of accounts were uncollectible and wrote them off. At year-end, an aging of accounts receivable indicated that SAR 62,000 of the remaining receivables were estimated to be doubtful.

Based on this information, what amount should Al-Salam Trading Company recognize as irrecoverable debt expense (bad debt expense) for the year ended December 31, 2024?

❖ **Question 3:**

Rosa Company sells Calculators. Rosa Company receivables account has a balance of SR67,000 on 31st March 2024 before making the following adjustments:

a) Debts amounting to SR7,000 to be written off because it is believed that they are irrecoverable.

b) Rosa Company decides to make a specific allowance of SR2,500, in which Rosa Company's allowance for receivables on 1st April 2023 was SR4,500.

i) Prepare journal entries for the above transactions?

ii) Calculate the net receivable on 31st March 2024 after adjusting for the above two transactions.

❖ Chapter 5 ❖ MCQ ❖

❖ Question 1:

A company sold merchandise to a customer for SR100,000 on credit. Cash discount is 5% if settled within 7 days. The company felt the discount would not be taken by the customer. The customer, however, paid in 7 days from the invoice date and enjoyed the discount. post the journal entries corresponding to the sale and the cash receipt.

Notes:

$$5\% \times 100,000 = 5,000$$

$$100,000 - 5,000 = 95,000$$

❖ Question 2:

A business made a credit sale to a customer amounting to SR350,000, with payment due in 45 days. However, five days after the sale, the customer returned goods worth SR80,000 due to defects. How should the company record the return transaction in its accounting records?

❖ **Question 3:**

A company grants a 15% trade discount to certain preferred customers. Additionally, it offers a 3% early payment discount to credit customers. A customer makes a credit purchase of goods listed at SR8,000 and qualifies for the trade discount. However, the company believes the customer is unlikely to take advantage of the early settlement discount. What amount of revenue should the company recognize at the time of the sale?

❖ **Question 4:**

On March 5, 2025, Company X sold goods on credit to Customer Y for SR4,000, offering a 2% early payment discount if payment is made within 7 days of the invoice date. At the time of sale, Company X reasonably expected the customer to take advantage of the discount. On March 11, 2025, Customer Y settled the invoice within the discount period and qualified for the discount. What journal entry should Company X record upon receiving the payment?

❖ Chapter 3 ❖ MCQ ❖

❖ Question 1:

A business has the following position in its Statement of Financial Position, that are as follows: Assets SR600,000, Liabilities SR250,000, and Equity SR350,000. The company then raises additional funds by issuing new ordinary shares, receiving SR120,000 in cash. This amount is immediately deposited into the company's bank account. What will the accounting equation look like after recording this transaction?

❖ **Multiple choices :**

1. A company applies PERIODIC weighted average, and it reports the following data for its inventory:

| | Units | Unit cost |
|---------------------|-------|-----------|
| Beginning inventory | 1,000 | SR10 |
| Purchase | 5,000 | SR22 |
| Sale | 5,900 | |

What is the value of the ending inventory?

- a. SR1,600
- b. SR2,200
- c. SR1,000
- d. SR2,000

| | |
|--|--|
| | |
|--|--|

2. A company has an accounting year from January 1st until December 31st. On December 28th 2024, the company receives from a customer SR500,000 as the payment of a service that the company will provide in the first quarter of 2025. What is the journal entry the company should record to register this cash receipt?

- a.

| | DEBT | CREDIT |
|--|-----------|-----------|
| Debit. Cash | SR500,000 | |
| Debit. Prepaid income (unearned revenue) | | SR500,000 |
- b.

| | DEBT | CREDIT |
|----------------------|-----------|-----------|
| Debit. Cash | SR500,000 | |
| Debit. Sales revenue | | SR500,000 |
- c.

| | DEBT | CREDIT |
|----------------------|-----------|-----------|
| Debit. Sales revenue | SR500,000 | |
| Debit. Cash | | SR500,000 |
- d.

| | DEBT | CREDIT |
|-------------------|-----------|-----------|
| Debit. Prepayment | SR500,000 | |
| Debit. Cash | | SR500,000 |

| | |
|--|--|
| | |
|--|--|

3. ABC Corporation has purchased a new machinery for its factory (purchasing price SR 1,000,000), in cash. Which journal entry should be recorded by ABC Corporation?

| | DEBT | CREDIT |
|----------------------------|--------------|--------------|
| a. | | |
| Debit. Accounts receivable | SR 1,000,000 | |
| Credit. Revenues | | SR 1,000,000 |
| b. | | |
| Debit. Cash | SR 1,000,000 | |
| Machinery | | SR 1,000,000 |
| c. | | |
| Debit. Machinery | SR 1,000,000 | |
| Credit. Cash | | SR 1,000,000 |
| d. | | |
| Debit. Machinery | SR 1,000,000 | |
| Credit. Accounts payable | | SR 1,000,000 |

4. If ending inventory is overvalued:

- a. Assets are overstated in the statement of financial position and profit is overstated in the statement of profit or loss (as cost of sales is lower).
- b. Capital will increase in the same amount.
- c. Non-current assets are overstated in the statement of financial position.
- d. There is no impact on either statement of financial position or statement of profit or loss.

5. What is a characteristic of limited liability companies?

- a. The liability is limited, which means that shareholders may lose all their personal assets (houses, cars, etc.) if the company goes bankrupt.
- b. The liability is limited, which means that if the company goes bankrupt, the maximum loss for shareholders would be the price they paid for their stock of the company.
- c. They are usually owned by one person.
- d. These companies can be started informally, i.e., not following any legal procedure set by the corporate law.

6. A company sold goods worth SR10,000 on credit. Cash discount is 10% if settled within 8 days. The company felt the discount would be taken by the customer. The customer, however, did not do as expected and paid in 30 days from the invoice date. The selling company's journal entry for the cash receipt will be:

Notes:

$$10\% \times 10,000 = 1,000$$

$$10,000 - 1,000 = 9,000$$

a.

| | DEBIT | CREDIT |
|-----------------------------|----------|---------|
| Debit. Cash | SR10,000 | |
| Credit. Sales revenue | | SR1,000 |
| Credit. Accounts receivable | | SR9,000 |

b.

| | DEBIT | CREDIT |
|-----------------------------|---------|---------|
| Debit. Cash | SR9,000 | |
| Credit. Accounts receivable | | SR9,000 |

c.

| | DEBIT | CREDIT |
|-----------------------------|----------|----------|
| Debit. Cash | SR10,000 | |
| Credit. Accounts receivable | | SR10,000 |

d.

| | DEBIT | CREDIT |
|----------------------|---------|---------|
| Debit. Cash | SR9,000 | |
| Debit. Sales revenue | | SR9,000 |

| | |
|--|--|
| | |
|--|--|

7. A company sold SR50,000 on credit (payment in 60 days). The payment was not received in the due date. The company does some research and finds out that the customer went bankrupt and will be impossible to recover the amount. How should the selling company record this situation on the journal?

- a.**
- | Account | Debit | Credit |
|---------------------|----------|----------|
| Accounts receivable | SR50,000 | |
| Cash | | SR50,000 |
- b.**
- | Account | Debit | Credit |
|---------------------|----------|----------|
| Cash | SR50,000 | |
| Accounts receivable | | SR50,000 |
- c.**
- | Account | Debit | Credit |
|----------------------------|----------|----------|
| Irrecoverable debt expense | SR50,000 | |
| Allowance for receivables | | SR50,000 |
- d.**
- | Account | Debit | Credit |
|----------------------------|----------|----------|
| Irrecoverable debt expense | SR50,000 | |
| Accounts receivable | | SR50,000 |

| | |
|--|--|
| | |
|--|--|

8. Cost of a machine (non-current asset) is SR700,000. Its accumulated depreciation is SR200,000. This equipment could be “sold in the market for SR420,000. This equipment's net book value (carrying amount) is:

- a.** SR500,000
b. SR700,000
c. SR420,000
d. SR900,000

| | |
|--|--|
| | |
|--|--|

9. An item of inventory was purchased for SR680. It is expected to be sold for SR700. To achieve this sale, selling cost of SR50 needs to be paid. At what value should this item of inventory be included in the financial statements?

- a. SR700
- b. SR650
- c. SR680
- d. SR750

| | |
|--|--|
| | |
|--|--|

10. Choose which one is the capital expenditure regarding a machine:

- a. Cost of transporting the machine to the purchaser's facilities, paid by the purchaser.
- b. Cost of replacing some spare parts of the machine every three years.
- c. Cost of electricity consumed by the machine while working.
- d. Repainting the machine.

| | |
|--|--|
| | |
|--|--|

11. What is a characteristic of financial accounting as compared with management accounting?

- a. Financial accounting focuses on internal parties, while management accounting targets external users.
- b. Financial accounting provides future oriented, timely information, while management accounting is based on historical data.
- c. Financial accounting can be focused on specific areas of the company, while management accounting reports on the entire organization only.
- d. Financial accounting is regulated while management accounting is tailor made to what decision makers need.

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