Ministry of Higher Education and Scientific Research, Algeria
University of Continuing Education

Financial Accounting 2 (Course and quizzes)

For 1st year Common Core Accounting and Finance Students

المحاسبة المالية 2 باللغة الإنجليزية (دروس وتمارين) موجهة لطلبة السنة 1 ل م د جذع مشترك فرع المحاسبة والمالية

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Academic year: 2023/2024

Course Content

Introduction

This course is a continuation of Financial Accounting 1, where we introduced the basics of accounting, explained techniques for recording transactions, and provided a clear understanding of the entire accounting cycle—from recording transactions to preparing summary reports. We also began to explore specific transactions for both manufacturers and merchandisers.

Financial Accounting 2 will focus on recording more complex transactions, including discounts, container deposits, down payments, returns, and allowances. The second part of this course will also address year-end procedures, more precise depreciation methods, and necessary adjusting entries to ensure the preparation of accurate and reliable closing financial statements.

Get ready for this accounting journey!

Learning objectives: This course is intended for first-year finance and accounting students. After completing it, students will be able to;

- *Record purchase discounts (cash and trade discounts) and taxes for sales and purchase transactions.*
- *Understand the journal entries related to sales and purchase returns.*
- *Identify the impact of returns on revenue recognition and inventory.*
- *Learn how to record accounting entries for sales allowances and purchase allowances*

  Understand the accounting treatment of down payments in sales and purchase transactions.
- *Account for down payments made by customers and received by sellers.*
- *Record container-related expenses and revenues.*
- *Understand the procedures required to close the accounting books at the end of the fiscal year.*

- *Learn how to depreciate fixed assets under different methods*

Part 1 Accounting for inventory operations

This part focuses on specific and complex purchase/ sales transactions; it follows up on the last chapter of the Financial Accounting 1 course, which covered the inventory accounting process in manufacturing and merchandising companies; we highly recommend reviewing that chapter before starting this learning adventure.

Chapter 1: Accounting for purchases with discounts

Chapter 1: Accounting for purchases with discounts

There are two main types of discounts: trade discounts and cash discounts; each affects the purchase recording differently.

1. Purchases with trade discount

A trade discount is a reduction granted by a supplier to the customer due to business considerations such as trade practices, large quantity orders, market competition, etc. Trade discounts are not separately shown in the journal; all net amounts after discounts are recorded in the subsidiary books of accounting. They apply to both credit and cash transaction

Note that

- When the purchase invoice includes a trade discount we should debit the account 38X purchases for the price less trade discount
- VAT is calculated on the price after deducting trade discount. VAT =0,19 x price net of trade discount

Example 1

On Feb 2, company A bought some goods worth 1000000 VAT-exclusive with a 1% trade discount, make necessary entries

Purchase invoice	
Gross price	1.000.000
Less trade discount 1%	(10.000)
Price net of trade discount	990.000
VAT 0.19X Price net of trade discount	188.100
Total	1.178.100

		2/2		
380			990.000	
445			188.100	
	401			1.178.100

Example 2

On Feb 2, company A bought some goods worth 1000000 VAT-exclusive. The invoice shows : Trade discount 1: 1%; trade discount 2: 2%

Purchase invoice	
Gross price	1.000.000
Less trade discount 1%	(10.000)
Price net of trade discount 1	990.000
Less trade discount 2%✕ 990.000	(19.800)
Price net of trade discount 2	970.200
VAT 0.19 ✕Price net of trade discount2	184.338
Total	1.154.538

		2/2		
380			970.200	
445			184.338	
	401			1.154.538

2.Purchases with cash discount

A cash discount (speedy payment discount) is a price reduction given by a supplier to customers who make fast payments to incentivize earlier payments. The cash discount is shown separately in the books. It is listed as an expense for the seller (on account 668) and revenue for the customer (on account 768).

Note that

- *Cash discount has to be recorded separately by crediting the account 768 ''cash discounts received''*
- *When the purchase invoice includes a cash discount, we should debit the account 38X purchases for the purchase price and VAT is calculating on the price less cash discount*
- *When the purchase invoice includes a cash and trade discount we should debit the account 38X purchases for the price less trade discount and VAT is calculated on the price after deducting trade discount. VAT =0,19 x price net of cash discount*

Example 1

On Feb 2, company A bought some goods worth 1000000 VAT-exclusive with a 1% cash discount

Purchase invoice	
Gross price	1.000.000
- cash discount 1%	(10.000)
Price net of cash discount	990.000
VAT 0.19✕ Price net of cash discount	188.100
Total	1.178.100

		2/2		
38			1.000.000	
4456			188.100	
	401			1.178.100
	768	Cash revenues (cash discount)		10.000

Example 2

On Feb 2, company A bought some goods worth 1000000 VAT-exclusive the invoice shows : 1% trade discount and a 2% cash discount.

Purchase invoice	
Gross price	1.000.000
- trade discount 1%	(10.000)
Price net of trade discount	990.000
Cash discount 2%✕ 990.000	(19.800)
Price net of cash discount	970.200
VAT 0.19 ✕Price net of cash discount	184.338
Total	1.154.538

		2/2		
38			990.000	
4456			184.338	
	401			1.154.538
	768	Cash revenues (cash discount)		19.800

3. Trade vs cash discounts:

Trade discounts are never shown in double-entry accounts or in the statement of profit or loss. Cash discounts are always shown in double-entry accounts and in the profit and loss part of the profit and loss statement.

Chapter 2: Accounting for sales with discounts

Chapter 2: Accounting for sales with discounts

Similarly to purchase transactions, there are two main types of discounts: trade discounts and cash discounts, each affecting the sales recording differently.

1.Sales invoices with trade discounts[1]

Note that

- When the sales invoice includes a trade discount we should credit the account 70X (sales revenues) for the price less trade discount
- VAT is calculated on the price after deducting trade discount. VAT =0,19 x price net of trade discount

Example 1

On Feb 2, Company B sold some goods for 1000000 VAT-exclusive with a 1% trade discount.

Sales Invoice

Gross Price	1.000.000
Less Trade Discount	(10.000)
Price Net of Trade Discount	990000
VAT	188100
Total	1178100

411		2/2	1.178.100	
	700 4457	Sales revenues		990.000 188.100

[1] Djoudi, K. (2013). *Manuel de la comptabilité financière*. Ministère des Finances, p 17 .

Example 2

On Feb 2, sold B sold some goods worth 1000000 VAT-exclusive. The invoice shows a first trade discount of 1% and a 2% second trade discount.

sales invoice	
Gross price	1.000.000
- trade discount 1%	(10.000)
Price net of trade discount	990.000
Cash discount 2%✕ 990.000	(19.800)
Price net of cash discount	970.200
VAT 0.19 ✕Price net of cash discount	184.338
Total	1.154.538

411		2/2	1.154.538	
	700	Sales revenues		970.200
	4457			184.338

2. sales invoices with cash discounts

Example 1 : On Feb 2, The company sold some goods for 1000000 VAT exclusive with a 1% cash discount.

Sales invoice	
Gross price	1.000.000
- cash discount 1%	(10.000)
Price net of cash discount	990.000
VAT 0.19✕ Price net of cash discount	188.100
Total	1.178.100

411			1.178.100	
	700 668 4457	cash discount granted to customers		1.000.000 10.000 188.100

Example 2

On Feb 2, company A sold some goods for 1000000 VAT-exclusive. The invoice shows: a 1% trade discount and a 2% cash discount

sales invoice	
Gross price	1.000.000
- trade discount 1%	(10.000)
Price net of trade discount	990.000
Cash discount 2%✕ 990.000	(19.800)
Price net of cash discount	970.200
VAT 0.19 ✕Price net of cash discount	184.338
Total	1.154.538

411		customers	1.154.538	
	70X 668 4457	cash discount granted to (Sales invoice with cash discount)		990.000 19.800 184.338

Chapter 3

Accounting for Returns

Chapter 3: Accounting for Returns

Goods return is a transaction in which the buyer returns inventory items to the seller. This can happen for various reasons, including:

- ✓ Poor Quality: If the received products do not meet the expected quality standards.
- ✓ Defective Items: When the items are damaged or malfunctioning.
- ✓ Goods Received Not Following the Order: If the delivered goods do not match the original order.
- ✓ Delay in delivery

1.How to record goods returns in the seller's journal

Sales returns entry is the opposite of sales entry

If the seller is a merchandiser

700 445	411			Selling price
30	600	Cost of goods sold Receiving back the goods		Original cost

If the seller is a manufacturer

701 445	411			Selling price
35	72	Receiving back the products		Production cost

2. How to record returns in the buyer's journal

Purchase returns entry is the opposite of purchase entry[2]

401	38x 445			
38x	3x			

Example

On January 20, Noor Company, a tablet retailer, sold 200 tablets on account to Wafa Company for 1000 DZD each. Noor's cost for each tablet is 500 DZD.

On Jan 22, Wafa returned ten damaged tablets to Noor and got a total refund

[2] Executive Decree No. 09-110, dated April 7, 2009.

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Noor’s journal (seller)

411	700 445	Jan 20 Sales’ invoice	238000	200000 38000
600	30	Jan 20	100000	100000
700 445	411	Jan 22 10x 1000=10000 0.19x 10000	10000 1900	11900
30	600	Jan 22 10x500=5000	5000	5000

Wafa’s journal (buyer)

380 445	401	Jan 20	200000 38000	238000
30	380	Jan 20	200000	20000

401	 380 445	Jan 22 10x1000=10000 10000x0.19 The Buyer	11900	 10000 1900
380	30	Jan 22 The seller	10000	10000

Chapter 4: Accounting *for* allowances

Chapter 4: Accounting for allowances

The allowance is an after-purchase discount, i.e., a partial refund, that sellers give to unsatisfied customers when they agree not to return the goods. People who want to return things will sometimes let them stay if the seller offers to give them some of their money back. This is called a sales allowance. When the seller agrees to take back the goods and refund the amount paid or to refund some or all of the amount paid, a credit note will be sent to the buyer to show how much the seller is willing to refund. It's called a credit note because the limit amount will be added to the customer's account to show that the amount they owe has gone down.[3]

Example

On January 20, Noor Company, a tablet retailer, sold 200 tablets on account to Wafa Company for 1000 DZD each. Noor's cost for each tablet is 500 DZD.

On Jan 22, Noor gave Wafa a 10% allowance because some tablets were damaged.

1. The seller's journal

		Jan 22		
709		Discounts after sales (allowance)	20. 000	
		0.10x 200000=20000	3.800	
445		0.19x 20.000		
	411			23800

[3] Sangster, A., & Wood, F. (2014). *Business accounting* (13th ed.). Pearson Education, P 101.

2. The buyer's journal

401		Jan 22	23800	
	609	Discount after purchase(allowance))		20000
	445			3800

Chapter 5: Down-payment Accounting

Chapter 5: Down-Payment Accounting

Typically, to purchase a product, we start by contacting the supplier to place the order. The supplier then sends us the goods along with the invoice, and we must make the payment. Sometimes, they may even allow for a deferred payment. However, some suppliers require the customer to pay a portion of the price of the goods to accept their order as an assurance of their intent to purchase. This portion is referred to as a down payment or an advance on orders.[4]

Example

On Feb 3, Company X ordered to buy goods worth 1000000 and paid 10000 with the order; this amount is called down payment and must be recorded in the accounting.

1.How to record a down payment (advance) in Accounting

- 419x "Creditor Customers." This refers to customers who have given us an advance payment for goods. Until the goods are fully provided, these customers are considered creditors from the company's perspective.
- 409x Debtor Supplier: This refers to suppliers who have received an advance payment from us. Until we fully receive all the goods, we record the advance amount in the 'Debtor Supplier' account.

[4] Horngren, C. T., Sundem, G. L., & Elliott, J. A. (2002). *Introduction to financial accounting* (6th ed.). Prentice Hall. , P 23 and Libby, R., Libby, P. A., & Hodge, F. (2020). *Financial accounting* (10th ed.), P123.

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2.When making the downpayment

Example

On Feb 3, Company x made an order to buy some goods worth 1000000 and paid 10000 with the order; this amount is called a down payment and has to be recorded in the accounting

In the buyer's journal

409	53/ 512	Debtor supplier (downpayment)	10000	10000

In the seller's journal

512 /53	419	Creditor customers (downpayment)	10000	10000

2.When receiving the invoice

The downpayment should be reduced from the total bill

In the buyer's journal

38X 445	401 409	downpayment		

In the seeller’s journal

411 419	 700/701 445	 downpayment		

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Chapter 6: Accounting for containers

Chapter 6: Accounting for containers

A container is defined as any object in which goods are enclosed. This includes, but is not limited to, crates, drums, etc.

A company must package its goods or products to market them. Some packaging, like butane containers, is returnable, while others, like cardboard wrappers for chocolate bars, are non-returnable.

1. Accounting for Non-Returnable Packaging:

Non-returnable packaging is considered inventory, specifically under the account of suppliers. This is recorded under the '**Non-Returnable Packaging Account 326.** These costs must be included in the final production cost of the products. For example, the price of the cardboard wrappers used for chocolate bars would be included in the final cost of the chocolate bars**.**

Accounts :
32 other supplies
326 non-returnable packaging

Example

On February 2nd, Company Z purchased 1,000,000 DZD of non-returnable packaging, exclusive of tax, to encase their products. The payment was made via a bank check on February 5th. The packaging was received and subsequently stored in the warehouse on the same day.

By February 10th, this packaging was dispatched to the workshops to complete the production process.

Tasks : make necessary entries.

Answer

Buying the non-returnable packaging

382 445	401	2/2	1000000 190000	1190000
326	382	5/2	1000000	1000000
401	512	5/2	1190000	1190000

When using the non-returnable packaging

602	326	10/2 Consumption of other supplies	1000000	1000000

- **When the company sells goods enclosed in the non-returnable packaging**

The seller should record an ordinary goods-selling transaction as follows.

600	30	…/….	40000	4000
411	700 445	…./…	11900	10000 1900

512	411	…/…	11900	11900

2. Accounting for Returnable Packaging:

Returnable containers with significant value are considered transportation equipment

A. When buying the returnable packaging.

218 445	401		Purchase cost	
401	512			

Example

On Feb 2, Company A, a manufacturing firm, purchased some drums to transport its products from Company B, a drums retailer. The purchase price is 10,000 DZD, exclusive of tax. The payment was made instantly with a bank check. The cost of the drums in the seller's books was 4.000 DZD

- **In the buyer's journal**

The returnable packaging should be recognized as a fixed asset, more precisely, as transportation equipment.

218 445	401		10000 1900	11900
401	512	2/2	11900	11900

B. Deposits on returnable packaging

Companies that distribute their products in returnable containers collect a deposit for each container delivered and have an obligation to refund this deposit when the customer returns containers.

Selling the goods enclosed in the returnable packaging <u>for some deposit</u>

Company A then uses the returnable packaging to transport its products to its customers and charges the customers a deposit (akin to a REFUNDABLE rent) for the packaging; this deposit is returned to the customer when the packaging is returned in good condition.

Example:

A company, X, purchases some goods from another company, Y. These goods are delivered in drums to be returned to the seller. However, the seller requires a deposit (considered rent) for these drums. This deposit will be returned to the buyer when the drums are returned to the seller.

This deposit on returnable packaging must be recorded in the buyer's books under account 409x - Debtor Suppliers for Deposit on Returnable Packaging. Similarly, in the seller's books, it should be recorded under account 419x - Creditor Customers for Deposit on Returnable Packaging. This ensures accurate tracking and accounting of the deposits made for returnable packaging.

- **Buyer's journal:** **Recording the invoice, including the deposit**

38X 445 4096	401	2/2 Debtor suppliers'' deposit''	deposit	
401	512	2/2		

- **Seller's journal: Recording the invoice including the deposit**

411	700 445 <u>4196</u>	2/2 Creditor customers'''deposit''		deposit
512	411	**2/2**		

Example

On Feb 2, company A bought some raw materials from company B, a retailer, for 1000000; VAT-exclusive, the invoice contained a deposit of 10000.

Answer

Recording the invoice, including the deposit in the <u>buyer's journal</u>

381 445 4096	401	2/2 Debtor suppliers '' deposit''	1000000 190000 10000	1200000
401	512	2/2	1200000	1200000

- **Recording the invoice, including the deposit in the seller's journal**

411	700 445 4196	2/2 Creditor customers'''deposit ''	1200000	1000000 190000 10000
512	411	2/2	1200000	1200000

When customers return the packaging, Company A checks it for any damages. If the packaging is in good condition, they return the full deposit to the customer. If some packaging is damaged, they deduct the cost of the damaged items from the deposit before returning it to the customer. The returned packaging is checked for any wear and tear. If it's still in usable condition, it's returned to the inventory. If not, it's written off, and the value is deducted from the asset account (transportation equipment).

Returning the returnable packaging in good condition by the customer

Customers get their deposit back when they return the packaging in good condition. This has to be recorded as follows:

<u>In the buyer's journal</u>

401/512	4096		deposit	deposit

In the seller's journal

4196	401/512		deposit	deposit

Returning some or all of the returnable packaging in bad condition by the customer

In the buyer's journal

608x	4096	**Accessory purchase cost: Packaging Damage Deposit**	Packaging damage deposit	Packaging damage deposit

In the seller's journal

4196	708	Revenues from supplementary activities: Packaging Damage Deposit	Packaging damage deposit	Packagin g damage deposit

Part 2: Year-end accounting procedures

Also referred to as closing the books, these adjustments are necessary to obtain the year's actual results. These adjustments include depreciating fixed assets and readjusting some revenues, such as rental revenues received throughout the year. This course covers the main depreciation methods at this level.

Chapter 7:

Depreciation of fixed assets

Chapter 7: Depreciation of fixed assets

Depreciation is allocating the cost of a fixed asset over its useful life. Fixed assets, such as buildings, machinery, or equipment, have a useful life of over one year. These assets gradually yield their value over time, which is recognized as depreciation.[5]

Main concepts
Useful life *is the estimated duration of utility placed on a fixed asset. Estimates terminate when assets are expected to become obsolete, require significant repairs, or cease to deliver economic advantages.*
Residual Value (Salvage Value)*: this is the estimated value of a fixed asset at the end of its useful life.*
Original Cost of the Fixed Asset: *This is the total price + all expenses attributed to its purchase and use.*
Depreciable base *is the original cost less residual value*

1. The straight-line method

Depreciation amount according to straight-line method = (original cost-residual value)/useful life

Example:

Consider a machine purchased for 10,000 dzd on 1/ 1/2015. At the end of its useful life, the machine has an estimated useful life of 5 years and a salvage value of 2,000. Draw up the depreciation schedule for this machine

[5] Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2018). *Principles of financial accounting* (13th ed.). Wiley,, P159.

Answer

The total depreciable cost is the asset's cost minus the salvage value, which is 10,000 - 2,000 = 8,000.

The straight-line method's annual depreciation is: 8,000 / 5 = 1,600.

Depreciation schedule for the machine**:**

Year	Original Value	Depreciation Expense	Accumulated Depreciation	Net Book Value
31/12/2015	10,000	1,600	1,600	8,400
31/12/2016	10000	1,600	3,200	6,800
31/12/2017	10000	1,600	4,800	5,200
31/12/2018	10000	1,600	6,400	3,600
31/12/2019	10000	1,600	8,000	2,000

Journal entries for depreciation

68X		31/12/N Depreciation expenses		
	28X	Decrease in the value of the fixed asset X (depreciation)		

2. Unit of Production Method[6]

Under the Units of Production Method, a company's depreciation expense is contingent on the actual usage of its fixed assets.

As a result, the amount of depreciation recorded is variable and directly proportional to how much the fixed asset was used and how many units it has produced.

Depreciation under unit of production method

$$= \frac{\text{Original cost of the fixed asset} - \text{salvage value}}{\textit{estimated production capacity}} \quad x \;\; \textit{actual number of units produce}$$

Example

In 2016, Z acquired a new machine worth 2.000.000 dzd , expected to produce 1,000,000 units.

Its actual production was 200.000 units in 2016, 500.000 units in 2017, and 300.000 units in 2018. Draw up the machine's depreciation schedule.

[6] Stickney, C. P., Weil, R. L., & Schipper, K. (2010). *Financial accounting: An introduction to concepts, methods, and uses* (13th ed.). South-Western Cengage Learning; P 176.

Answer

year	Original cost	depreciation	Net book value
2016	2.000.000	$\frac{2.000.000}{1.000.000} \times 200.000$ = 400.000	1.600.000
2017	2.000.000	1.000.000	600.000
2018	2.000.000	600.000	0

3. Diminishing method[7]

The diminishing depreciation method is said to be highly charged in the first period, and then subsequently reduce. This is because the charging rate is applying to the Net Book Value of Assets and the Net Book Value of Assets is reduced from time to time after charging depreciation.

$$\textbf{Diminishing depreciation} = \textbf{Book value} \times \frac{\mathbf{100\%}}{\boldsymbol{useful\ life}} \times \text{fiscal } \textbf{Fiscal coefficient}$$

The fiscal coefficient schedule

Useful life (years)	Fiscal coefficient
3-4	1.5
5-6	2
More than 6	2.5

Example

Machine A original cost: 1.000.0000

Its useful life is 5 years

[7] Stickney, C. P., Weil, R. L., & Schipper, K. (2010). *Financial accounting: An introduction to concepts, methods, and uses* (13th ed.). South-Western Cengage Learning; P 133

year	Initial Book value	Depreciation rate	Depreciation amount	Net Book value
1	1.200.000	40%	480000	720000
2	7.20.000	40%	288000	432000
3	432000	40%	172800	259200
4	259200	20%	129600	129600
5	129600	20%	129600	0

4. Component ddepreciation

When the asset comprises two or more components with significant values and different useful lives, each component should be depreciated separately for depreciation purposes.

681		31/12		
	281X	Dep Components 1		
	281x	Dep Component 2		

Example

A famous example of a complex asset is the aircraft, which includes various components such as the airframe (the body of the aircraft) and the engines. These components have different useful lives.

Suppose the aircraft was purchased for 10 million, with the airframe costing 6 million and the engines costing 4 million. The airframe has a useful life of 20 years, and the engines require replacement after five years (they have a useful

How to depreciate the aircraft (airframe + engines) using the straight-line method:

Airframe: The annual depreciation for the airframe is the cost divided by its useful life. So,6 million / 20 years =300,000 per year.

Engines: The annual depreciation for the engines would be the cost of the engines divided by their useful life. So,4 million / 5 years =800,000 per year.

So, every year, the airframe would depreciate by 300,000 and the engines by 800,000. After 5 years, the engines would be fully depreciated and likely need to be replaced, while the airframe would continue to depreciate for another 15 years

Exercises with solutions

Exam with model answers

Exercise Set 1: Accounting for purchases and sales transactions

Exercise 1

NOOR, a company specializing in reselling school bags, sources its inventory from the supplier TECHNO. On February 2, NOOR purchased school bags worth 5,000,000 DZD from TECHNO and paid a value-added tax of 19 percent based on the purchase price. NOOR promptly received the invoice and the goods and settled the payment via a bank check on the same day.

Tasks:

1. **Draw up the purchase invoice.**
2. **Record the invoice, payment, and goods reception by NOOR**

Exercise 2

Wafa Company is a bicycle reseller, s. On March 3rd, Wafa purchased bicycles from its supplier. The purchase invoice received on the same day included the following details:

- Purchase Price: 6,000,000 DZD
- Trade Discount: 2 %
- Value Added Tax (VAT): 19 %

On March 5th, Wafa paid its supplier via a bank transfer.

Tasks:

1. **Draw up the purchase invoice.**

2. **Record the invoice, payment, and goods reception by Wafa.**

Exercise 3

On March 3, Veggy, an agrifood retailer, sells 300 kg of bran flour to El Pan bakery at a sales price of 400 DZD per kilo (VAT exclusive). Their purchase cost to Veggy was 140 DZD per

kilo. The terms of the sale are payment due on March 15, with an invoice date of March 3 including a trade discount of 2%, and goods to be received on March 6.

Task: Create the journal entries for Veggy and then El Pan to recognize the following transactions:

- the purchase/sale transaction invoice
- the receipt of the goods
- the

payment VAT
rate is 19 %

Exercise 4

El Queso, a dairy producer, makes cheese from two ingredients: milk and starter culture (friendly bacteria used to produce cheese). On April 2, Queso sources 3,570,000 DZD of milk (VAT inclusive) and 2,000,000 DZD (VAT exclusive) of starter culture. It receives invoices and all the goods on the same day, and payment is due at the end of the month. On April 5, half of the milk purchased and 20 percent of the starter culture were transferred to the plant. On April 7, the cheese is finally ready and is sent to the company's cold storage warehouse. Supplementary production costs amount to 1,000,000 DZD. Two days later, Queso sells all the cheese produced to the Mino grocery store at 5,000,000 DZD tax exclusive and gives its customers a 3 percent cash discount. Payment is made immediately in cash and the order is received on the same day.

Task

As a junior accountant, do all the necessary journal entries for El Queso and then Mino.

(VAT is 19 %)

Exercise 5 (Recording Invoices, Goods Movement, and Payments)

You are provided with a set of invoices and tasked with recording each transaction in **both the buyer's and seller's books**

- Invoice 01 (January 05, 2023)

- Price of goods: 4.000.000 DZD

- Trade discount 1%

- Cash discount 3%

- V.A.T: 19%

Cost of goods in the supplier's books: 3.200.000 DZD invoice and goods were received on the same day, and the payment was made promptly by bank check.

- Invoice 02 (February 02, 2023)

- Price of raw material: 600.000 DZD

- Trade discount 1: 5%

- Trade discount 2: 2%

- V.A.T : 19%

Cost of raw materials in the supplier's books: 480.000 DZD

The raw material was received on February 02, and a prompt payment was made by bank transfer.

- Invoice 3 (March 06, 2023)

- Price of goods: 2.500.000 DZD

- Cash discount: 2% if payment is made before March 15

- Trade discount 2%

- V.A.T : 19%

Cost of goods in the supplier's books: 1.900.000 DZD

Goods were received on the same day, and the payment was made on March 10.

- Invoice 4: (April 16, 2023)

- Purchase goods: 5.500.000 DZD

- Trade discount 1: 2%

- Trade discount 2: 1%

- Payment due on April 25

- Cash discount: 1% for payment earlier than April 20

- V.A.T : 19%

Cost of goods in the supplier’s books: 4.000.000 DZD

The payment was made by bank transfer on April 17, and the goods were received two days later.

Answers Set 1

Exercise 1

		02/02		
380 4456	401	Purchases of goods V.A.T paid Accounts payable	5.000.000 950.000	5.950.000
		//		
401	512	Accounts payable Bank account	5.950.000	5.950.000
		//		
30	380	Goods Purchases of goods	5.000.000	5.000.000

Exercise 2

		03/03		
380 4456	401	Purchases of goods V.A.T paid Accounts payable	5.880.000 1.117.200	6.997.200
		//		
30	380	Goods Purchases of goods	5.880.000	5.880.000
		05/03		
401	512	Accounts payable Bank account	6.997.200	6.997.200

Exercise 5

invoice 1:Seller's journal

411 668	 700 445	05/01/2023 Financial expenses	4.571.028 118.800	 3.960.000 729.828
512	411	//	4.571.028	4.571.028
600	30	//	3.200.000	3.200.000

invoice 1: Buyer's journal

380 445	 401 76	05/01/2023 Financial revenues	3.960.000 729.828	 4.571.028 118.800
401	512	//	4.571.028	4.571.028
30	380	//	3.960.000	3.960.000

Invoice 2: seller's journal

411		05/01/2023	664.734	
	700			588.600
	445			106.134
512		//	664.734	
	411			664.734
600		//	480.000	
	30			480.000

Invoice 2: Buyer's journal

381		02/02/2023	588.600	
445			106.134	
	401			664.734
401		//	664.734	
	512			664.734
31		//	588.600	
	381			588.600

Exercise Set 2: Accounting for Sales Returns and Allowances

Exercise 1

Which of the following represents a sales return or an allowance?

1. A customer brings back faulty merchandise to the seller.
2. A customer keeps the defective merchandise but gets a deduction in the amount owed to the seller.
3. An amount received by a business from selling its goods or services.
4. A customer receives a price discount for purchasing in bulk.
5. The customer received the canned food, but some were dented. They returned them to the seller and agreed to keep them, receiving a 10 percent discount off the bill.
6. The seller gave its customer a 9,000 DZD discount on the bill due to a delay in delivery.

Exercise 2

Companies are legally obligated to address defects and provide appropriate remedies to consumers. These examples illustrate how manufacturers handle such situations, ensuring customer satisfaction and maintaining their reputation. As a junior accountant, do all the sales returns or allowances entries for each situation from the buyer's and seller's perspectives, notice that all given amounts do not include VAT and the profit margin is 10 % of the cost

1. **Full refund for damaged goods**

   A customer returned defective bicycles originally sold for 8.000.000 DZD. The company issued a full refund to the customer.

2. **Partial Refund Due to Cosmetic Damage:**

A company purchases brand-new laptops online. Upon delivery, they notice a small scratch on some laptop cases. The customer contacts the manufacturer and requests a partial refund due to the cosmetic damage. The manufacturer agrees and refunds 10% of the laptop's purchase price. The total bill amounted to 500.000 DZD.

3. **Full Refund for Faulty Electronics:**

A company buys high-end smartphones worth 2.000.000 DZD directly from the manufacturer's store. Unfortunately, the phones experience frequent software glitches and overheating issues. After several unsuccessful attempts to fix the problems, the customer decides to return all the phones. The manufacturer acknowledges the defects and provides a full refund to the customer.

4. **Damaged Clothing Item Refund:**

A clothing retailer sources its products from various manufacturers. A company buys 3.000.000 DZD of winter coats but discovers tears in the fabric. The retailer contacts the coat's manufacturer, who agrees to issue a full refund to the customer.

5. **Faulty Toy Recall and Refund:**

A toy manufacturer realizes that a batch of its popular children's toys contains a safety hazard due to small parts that can detach. The manufacturer recalls the affected toys and offers a full refund to the customer who return them. Defective items were worth 1.000.000

DZD

Answers for series 2

Exercise 1

Which of the following represents a sales return or an allowance?

1. A customer brings back faulty merchandise to the seller. **Sales return**

2. A customer keeps the defective merchandise but gets a deduction in the amount owed to the seller.

Allowance

3. An amount received by a business from selling its goods or services. **Sales revenues account 700**

4. A customer receives a price discount for bulk purchases. **Trade discount**

5. The customer received the canned food, but some were dented. They
returned them to the seller and agreed to keep them, receiving a 10
percent discount. **Allowance**

6. The seller gave its customer a 9,000 DZD discount on the bill due to a delay in delivery. **Allowance**

Exercise 2

In the buyer's journal

		Transaction 1		
401			9520000	
	380			8000000
	445			1520000
380			8000000	
	30			8000000

In the seller's journal

		Transaction 1		
700/701			8000000	
445			1520000	
	411			9520000
30			7272727	
	600			7272727
		OR		
35			7272727	
	72			7272727

Selling price= purchase cost of goods sold+ profit margin

8000000= purchase cost + 0.1 x purchase cost

8000000 = 1.1 x purchase cost

Purchase cost of goods sold = 8000000/ 1.1= 7272727

In the buyer's journal Transaction 2

401			59500	
	609	Discount after purchase		50000
	445			9500

In the seller's journal Transaction 2

709		Discout after sales	50000	
445			9500	
	411			59500

In the buyer's journal

		Transaction 3		
401			2380000	
	380			2000000
	445			380000
380			2000000	
	30			2000000

In the seller's journal

		Transaction 3		
701			2000000	
445			380000	
	411			2380000
35				
	72		1818181	
				1818181

Selling price= PPRODUCTION COST+ profit margin

2000000= purchase cost + 0.1 x purchase cost

2000000 = 1.1 x purchase cost

Purchase cost of goods sold = 8000000/ 1.1= 1818181

		Transaction 4		
401			3570000	
	380			3000000
	445			570000
380			3000000	
	30			3000000

		Transaction 4		
701			3000000	
445			5570000	
	411			
				3570000
35				
	72		272727,7	
				272727,7

In the buyer’s journal

		Transaction 5		
401			1190000	
	380			1000000
	445			190000
380			1000000	
	30			1000000

In the seller’s journal

		Transaction 5		
701			1000000	
445			190000	
	411			
				1190000
35				
	72		909090	
				909090

Selling price= PPRODUCTION COST+ profit margin

1000000= purchase cost + 0.1 x purchase cost

1000000 = 1.1 x purchase cost

Purchase cost of goods sold = 1000000/ 1.1=909090

Exercise Set 3: Accounting for downpayment

Exercise 1: **Make the necessary entries in the buyer's and supplier's journals.**

- On February 2, Company Z contacted its supplier to order some raw materials. The supplier required Company Z to pay 20,000 to place the order. Company Z made this payment in cash on February 3.
- \- On February 7, Company Z received the invoice from its supplier with the following data: Purchase price (tax exclusive): 100,000.

Exercise 2: Record the following transactions in the books of the buyer and seller.

1. On January 3, Company A placed an order for some goods and sent a bank check of 10,000 along with it to its supplier, Company B, a merchandiser. On January 10, Company A received the order, and the invoice included the following items: price 100,000, trade discount 5%, cash discount 1%, VAT 19%. The payment was made by bank check on the same day.

   The cost of these goods in the seller's book was 30,000.

2. On February 3, Company C ordered some raw materials worth 200,000. Its supplier, a manufacturer, requested a 10% advance payment. Company C sent a check to make the down payment on February 4. On February 20, Company C received all the raw materials and made the payment via bank transfer, and the invoice showed further details, inter alia, a 1% trade discount, a 1% cash discount, and VAT 19%.

The production cost of the raw materials sold for the seller, Company Y, was 50,000.

3. On March 5, Company E received some bicycles from Company G, a bicycle maker, along with the invoice including these details: price 1,000,000, VAT 19%, ‘’trade discount 1’’ of 3%, ‘’trade discount 2’' of 1%, cash discount 2%, advance made on March 2 of 100,000. Company A paid its supplier via bank transfer on March 7.

The cost of bicycles for its manufacturer was 400,000.

Answers

Exercise 1

In the buyer's journal

409	53	3/2	20000	20000
381 445	401 409 409	7/2	100000 19000	119000-20000 20000

In the seller's journal

53	419	3/2	20000	20000
411 419	700/701 445	7/2	99000 20000	100000 19000

Exercise 2

Transaction 1

Invoice 01 Date: Jan 10	
Purchase price	1 00.000
Trade discount 5%	5.000
Price net of trade discount	95.000
Cash discount 1%	950
Price Net of cash discount	94050
V.A.T 19%	17869.5
- Advance payment	10.000
Total	101919.5

- ### In the buyer's journal

409	512	03/01	10.000	10.000
380 445	401 409 768	10/01	95.000 17.869,5	101919,5 10.000 950
		10/01		

401	512		101919,5	101919,5
30	380	10/01	95.000	95.000

- **In the seller's journal**

512	419	03/01	10.000	10.000
411 419 668	700 445	10/01	101919,5 10.000 950	95.000 17.869,5
512	411	10/01	101919,5	101919,5
600	30	10/01	30.000	30.000

Invoice 02 Date: Feb 20	
Purchase price	2.000.000
Trade discount 1%	2.000
Price net of trade discount	198.000
Cash discount 1%	1980
Price Net of cash discount	196020
V.A.T 19%	37243.8
Advance payment	20.000
Total	213263.8

- **In the buyer's journal**

409	512	04/02	20.000	20.000
381 445	401 409 768	20/02	198.000 37243,8	213263.8 20.000 1980
401		20/02	213263.8	
	512			213263.8
31	381	20/02	198.000	198.000

- **In the seller’s journal**

512	419	04/02	20.000	20.000
411 419 668	701 445	20/02	213263.8 20.000 1980	198.000 37243,8
512	411	20/02	213263.8	213263.8
724	35	20/20	50.000	50.000

Invoice 03 Date: March 5	
Purchase price	1.000.000
Trade discount N° 1 3%	30.000
Price net of trade discount N° 1	**970.000**
Trade discount N° 2 1%	97.000
Price Net of trade discount N° 2	**960.300**
Cash discount 2%	19.206
Price Net of cash discount	**941.094**
V.A.T 19%	178.807,86
- advance	100.000
Total	**1.019.901.86**

- **<u>In the buyer's journal</u>**

409	512	02/03	100.000	100.000
380 445	401 409 768	05/03	960.300 178.807,86	1.019.901.86 100.000 19.206
30	380	05/03	960.300	960.300

401		07/03	1.019.901.86	
	512			1.019.901.86

- **In the seller's journal**

512		02/03	100.000	
	419			100.000
411		05/03	1.019.901.86	
419			100.000	
668			19.206	
	701			960.300
	445			178.807,86
724		05/03	400.000	
	35			400.000
512		07/03	1.019.901.86	
	411			1.019.901.86

Set of Exercises N4: Down-payment Accounting

Exercise 1

On February 2, Company Z contacted its supplier to order some raw materials. The supplier required Z to pay 20,000 DZD to place the order. Company Z made this payment in cash on February 3

On February 7, Company Z received the invoice from its supplier with the following data: Purchase price (excluding VAT): 100,000 DZD.

Tasks: Make the necessary entries in the buyer's and supplier's journals.

<u>Exercise 2</u>

On Feb 2, company z sent a check of 20.000 dzd to place an order for some raw materials

On Feb 7, Company Z received the invoice from its supplier company y, with the following data purchase price (excluding VAT):200.000,

Knowing that the purchase cost of the raw materials sold in the supplier's book was 160.000

Tasks/ make necessary entries in the buyer's and supplier's journals

Answers

Exercise 1

In the buyer's journal

409		3/2	20000	
	53			20000
		7/2		
381			100000	
445			19000	
	401			119000-20000
	409			20000

In the supplier's journal

		3/2		
53			20000	
	419			20000
		7/2		
411			99000	
419			20000	
	700/701			100000
	445			19000

Exercise 2

In the buyer's journal

409	512	2/2	2000	20000
381 445	401 409	7/2	200.000 38000	218000 20000

In the supplier's journal

512	419	2/2	20000	20000
411 419	700 445	7/2	218000 20000	200000 38000
600	300		160000	160000

Exercise Set 5: containers' accounting

Exercise 1: Make the necessary entries in the books of Company Z (VAT=19%).

- On February 2, Company Z received some raw materials along with the invoice, which included a price of 400,000 DZD (tax-exclusive), a 5% trade discount, and a 15,000 DZD deposit on the packaging.

- On February 8, Company Z sent 60% of the raw materials to the workshops.

- On February 18, 200 units of final products were completed, with supplementary production costs of 300,000 DZD.

- On February 20, Company Z made the payment due to the suppliers via bank transfer.

On March 2, Company Z sold 120 units of its products enclosed in returnable packaging for 5,000 DZD tax-exclusive each. The deposit amounted to 100,000 DZD, which the customer paid via bank transfer.

- On March 5, the customer returned all the containers in good condition and received their deposit back in cash.

- On March 7, Company Z bought more returnable packaging for 178,500 DZD tax-inclusive. Payment was made by trade bill.

- On March 9, Company Z bought more raw materials. The invoice showed 200 units for 150 DZD tax-exclusive each, with a 60 DZD deposit on the container of each unit, a trade discount of 1%, and a cash discount of 1%. Payment was made instantly via bank transfer, and raw materials were received one day later.

- On March 11, Company Z sent all the in-hand raw materials to initiate production.

- On March 13, Company Z received an order from customer X with an advance payment of 10,000 DZD.

- On March 14, Company Z completed 120 units of finished products. The total production cost was 160,000 DZD, to which the company added a 30% profit margin.

- On March 15, Company Z sold all the finished products (from March 14) to customer X, who paid by trade bill. He received his order packed in some returnable containers, for which he made a 40,000 DZD deposit.

- On March 20, Company Z returned all the containers, some of which were damaged. The damage amounted to 5,000 DZD; the refund was made by bank check.

Answers

Exercise 01:

		02/02		
381 445 4096	401	purchases of raw material V.A.T Deposit Suppliers of raw material	380.000 72.200 15.000	467.200
		//		
31	381	raw material purchases of raw material	380.000	380.000
		08/02		
601	31	Cost of raw material used Raw material	228.000	228.000
		18/02		
35	72	Final product Products change	528.000	528.000
		20/02		
401	512	Suppliers of raw material Bank account	467.200	467.200
		02/03		
411	701 445 4196	Accounts receivable sales of final products V.AT deposit	814.000	600.000 114.000 100.000
		//		
72	35	Products change Final product	316.800	316.800
		//		

512	411	Bank account accounts receivable	814.000	814.000

		05/03		
4196		deposit	100.000	
	53	cash		100.000
		07/03		
218		Packaging equipment	150.000	
445		V.A.T	28.500	
	405	Trade bills		178.500
		09/03		
381		purchases of raw material	29.700	
445		V.A.T	5.586,57	
4096		Deposit	12.000	
	401	Suppliers of raw material		46.989,57
	768	Cash discount (revenues)		297
		09/03		
401		Suppliers of raw material	46.989,57	
	512	Bank account		46.989,57
		10/03		
31		Raw material	29.700	
	381	purchases of raw material		29.700
		11/03		
601		Cost of raw material used	181.700	
	31	Raw material		181.700
		13/03		
512		Bank account	10.000	
	409	advance		10.000
		14/03		
35		Final product	160.000	
	72	Products change		160.000

		15/03		
411		Accounts receivable	277.520	
409		Advance	10.000	
	701	sales of final products		208.000
	445	V.AT		39.520
	4196	deposit		40.000
		//		
413		Tarde bills receivable	277.520	
	411	Accounts receivable		277.520
		//		
72		Products change	160.000	
	35	Final product		160.000
		20/03		
512		Bank account	7.000	
608		Additional expense	5.000	
	4096	deposit		12.000

Invoice 01 Date: 02/02	
Price	400.000
Trade discount	20.000
Price net of trade discount	380.000
V.A.T	72.200
deposit	15.000
total	467.200

Invoice 02 Date: 02/03	
Price	600.000
V.A.T	114.000
deposit	100.000
total	814.000

Invoice 04 Date :	
Price	208.000
V.A.T	39.520
Deposit	40.000
advance	10.000
total	287.520

Invoice 03 Date: 09/03	
Price	30.000
Trade discount	300
Price net of trade discount	29.700
Cash discount	297
Price net of cash discount	29.403
V.A.T	5.586,57
deposit	12.000
total	46.989,57

Set of exercises N 6: End-year procedures

Exercice 1 Choose the correct answer (A, B ou C) to the following questions

1. The residual value of a fixed asset is

A. Its estimated disposal value at the end of its useful life

B. its value on 31/12 of each year

C. its disposal price during its useful life

2. Depreciation is the decrease in the value of an asset due to

A. use B obsolescence C downward revaluation

3. « Components Accounting » shoud be used with

A. Fixed assets comprising many components

B. Fixed assets including different significant parts that should be replaced at regular intervals

C. All fixed assets

Exercise 2

On 02/01/2015, Company X acquired three fixed assets and paid its supplier by bank check. The following table shows all the data related to this transaction.

	Purchase price (Algerian dinar)	**Purchase expenses (Algerian dinar)**	**Useful life (years)**	**Depreciation method**
Machine A	**1500000**	**Transportation : 6000** **Installation 10000** **Customs 20000** **Value added tax 2000**	**5**	**Straight-line**

Machine B	**2000000**	**Transportation : 6000** **Installation 10000** **engineer Training expenses 3000** **Value added tax 2500**	**4**	**Deminishing**
Truck C	**Engine 1000000** **Frame 4000000**	**Value added tax 950000**	**3** **4**	**Straight-line**

Requested

1. Calculate the purchase cost of each fixed asset
2. Record each transaction in the company's journal
3. Draw up the depreciation tables of all the fixed assets for the first three years of their useful lives
4. On 11/01/2018, machine B has been sold for 1200000 Algerian Dinars by bank check, record this transaction

5. On 31/12 2018, the fair value of machine A has been estimated at 500000 Algerian Dinars, record this transaction**.**

Answers

Exercice1

The residual value of a fixed asset is

A. Its estimated disposal value at the end of its useful life

1. Depreciation is the decrease in the value of an asset due to

A. use

2. « Components Accounting » shoud be used with

B.Fixed assets including different significant parts that should be replaced at regular intervals

Exercice 2

purchase cost of MACHINE A= 1.500.000+6.000+10.000+20.000=

1.536.000 purchase cost of MACHINE B=

2.000.000+6000+10.000=2.016.000

purchase cost of TRUCK C, frame=4.000.000 , engine = 1.000.000

1. **Journal entries**

2151 2152 2181 2182 445	404	02.01.2015 MACHINE A MACHINE B TRUCK (ENGINE) TRUCK (FRAME)	1536000 2016000 1000000 4000000 954500	9506500
404	512	02.01.2015	9506500	9506500

2/Depreciation sschedules of all the fixed assets for the first three years of their useful lives 2 points X 3= 6 points

Machine A

	Depreciation basis	Annual depreciation	Accumulated depreciation	Book value
End of 2015	1.536.000	307.200	307.200	1.228.800
End of 2016	1.536.000	307.200	614.400	921.600
End of 2017	1.536.000	307.200	921.600	614.400

Machine B

useful life= 4 yeas, coefficient = 1.5 ; depreciation rate = (100%x1.5)/4=37.5%

	Depreciation basis	Staight line dep rate	Annual depreciation	Accumulated depreciation	Book value
End of 2015	2.016.000	100%/4= 25%	756000	756000	1.260.000
End of 2016	1.260.000	33.33%	472500	1228500	787500
End of 2017	787500	50% > 37.5%	393750	1622250	393750

Machine C

years	engine			frame			total
	initial value	Annual depreciation	Book value	initial value	Annual depreciation	Book value	
2015	1.000.000	333333.33	666666.67	4.000.000	1.000.000	3.000.000	1.333333.33
2016	1.000.000	333333.33	333333.33	4.000.000	1.000.000	2.000.000	2.666666.67
2017	1.000.000	333333.33	0	4.000.000	1.000.000	1.000.000	4.000.000

Exams with model answers

Final Test for Financial Accounting 2 ***time allotted 90 min***

Exercise 1 Make the necessary entries in the books of Company Z, a chocolate producer, (VAT=19% in the whole exercise).

- On April 2, Company Z received some raw materials along with the invoice, which included a price of 1.000.000 DZD (tax-exclusive), a 5% trade discount, and a 1% cash discount.

- On April 3, Company Z made the payment via bank transfer.

- On April 13, company Z ordered some carton boxes to enclose the chocolate and made a bank transfer of 30.000 to its supplier

- On April 17, company Z received the carton boxes, their price was 357.000 (VAT inclusive); payment was made in cash.

- On April 19, sent 50% of the raw materials and 50% of the carton boxes to the workshops

- On April 28, 100 units of final products were completed, and supplementary production costs amounted to 200,000 DZD.

- On May 2, Company Z sold 50 units of its products, enclosed in returnable packaging, for 8,000 DZD tax-exclusive each, with a first trade discount of 2% and a second trade discount of 1%. The deposit amounted to 100,000 DZD. The customer paid the transaction by trade bill.

- On May 8, due to some incoherencies in the products, company Z gave its customer a 20.000 discount

Exercise 2 Complete this exercise by filling out the table that appears on your answer sheet.

For this exercise, you must calculate the elements that appear in **invoice 1** and fill them out in the table on your answer sheet.

***Invoice 1* :** Advance payment 10.000, price 1.000.000 (VAT excluded), first trade discount 5%,discount for earlier payment 2%, second trade discount 3%, deposit for returnable containers 20.000, VAT 19%. (use two digits after the decimal point in all calculations)

Exercise 3 : Complete the table that appears in your answer sheet by selecting each question'scorrect answer (A, B, C, or D).

1. **The residual value of a fixed asset is:**

A. Its estimated disposal value at the end of its useful life B. its book value on 31/12of each year C. its disposal price during its useful life

D. its value at the beginning of each year.

2. On June 17, 2017, Company X acquired a new machine at 2.000.000 (VAT excluded).its netbook value at the end of 2019 was 1.500.00. Its annual depreciation amount is:

A. 500.000 B. 400.000 C. 200.000 D. None of the mentioned amounts

Algeria Chart of Accounts (main accounts)

3 inventory

30 goods

31 raw materials

35 final products
38 purchase

4 accounts payable/ Accounts receivable

401 accounts payable (supplier of goods).
403: trade bills payable to inventory suppliers, 404 accounts payable (supplier of long-term assets)
405: trade bills payable to fixed assets suppliers,
409 debtor suppliers
411 accounts receivable
413 trade bills receivable (from customers).
419 creditor customers

6 expenses
600 cost of goods sold
601 cost of raw materials used
607 purchases of non-storable goods 609 allowances
61 cost of external services
613 rental expenses
615 repairs and maintenance expenses
617 Insurance costs
62 other external services

621 Remuneration of non-company personnel
626 communication expenses
63 remuneration of personnel

668 financial expenses

Answers

Debit	Credit		Debit	Credit
		02/04		
381			950000	
445			178695	
	401			1119195
	768			9500
		02/04		
31			950000	
	381			950000
		03/04		
401			1119195	
	512			1119195
		13/04		
			30000	
409				
	512			30000
		17/04		
382			300000	
445			57000	
	401			327000
	409			30000
		17/04		
326			300000	
	382			300000

401	53	17/04	327000	327000
601	31	19/04	475000	475000
602	326	19/04	150000	150000
35	72	28/04	825000	825000
411	701 445 4196	02/05	561815.2	388080 73735.2 100000
413	411	02/05	561815.2	561815.2
72	35	02/05	41250	412500
709 445	411	08/05	20000 3800	23800

EXERCISE 2

Invoice 1 Price net of cash discount	903070
Invoice 1 VAT	171583.3
Invoice 1 Total to be paid	1084653.3
Invoice 1 Cash discount	18430
invoice_1 price net of trade discount 2	921500
Invoice 1 trade discount 2 -	28500

EXERCISE 3

1. **The residual value of a fixed asset is:**

A. Its estimated disposal value at the end of its useful life B. its book value on 31/12of each year C. its disposal price during its useful life
D. its value at the beginning of each year.

2. **On June 17, 2017, Company X acquired a new machine at 2.000.000 (VAT excluded).its netbook value at the end of 2019 was 1.500.00. Its annual depreciation amount is**:

A. 500.000 B. 400.000 **C. 200.000** D. None of thementioned amounts

Conclusion

This course taught you how to use accounting techniques to analyze, evaluate, and accurately record inventories and related transactions, such as deposits, down payments, allowances, returns, and discounts. We then tackled the end-of-year procedures necessary to prepare financial statements with accurate information. This course should complement further accounting topics, such as cost accounting and financial analysis.

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Books and Articles

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Ministry of Higher Education and Scientific Research, Algeria
University of Continuing Education

Financial Accounting 2 (Course and quizzes)

For 1st year Common Core Accounting and Finance Students

المحاسبة المالية 2 باللغة الإنجليزية (دروس وتمارين) موجهة لطلبة السنة 1 ل م د جذع مشترك فرع المحاسبة والمالية

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Academic year: 2023/2024