



THE INSTITUTE OF CORPORATE SECRETARIES OF PAKISTAN
C.I.S EXAMINATION JANUARY 2014
MODULE A PAPER: INTRODUCTION TO ACCOUNTING GROUP I

Time allowed 3 Hours

Max. Marks: 100

Instructions: Attempt all questions and submit workings, which will be treated a part of answer.

Q1. Choose the right answers from the following situations: (10)

- a) Total of the debit side of a Trial Balance is Rs. 100 million, what should be the amount of credit side?
- i) Rs. 100 million ii) Rs. 50 million. iii) Any amount.
- b) The policy for revenue recognition in the accounts of the company is on billing to the customers. On June 29, 2013 goods were dispatched to the customer worth Rs. 1.0 million and the customer is billed on July 1, 2013. When the Sale will be recognized?
- i) June 29, 2013. ii) June 30, 2013. iii) July 1, 2013.
- c) Dispatch of goods before the bill date to the customer. What would be the treatment in the books of Accounts?
- i) Stock in hand. ii) Stock with other party. iii) Sales.
- d) The opening balance of debtors balance is Rs. 3.0 million and closing balance is Rs. 4.0 million. What would be the average debtor balance?
- i) Rs. 3.0 million ii) Rs. 4.0 million iii) Rs. 3.5 million
- e) Dividend can only be paid from
- i) Revenue reserves ii) Capital reserves iii) Share capital
- f) 10% Preference shares specifies as:
- i) Fixed dividend 10%. ii) Value of Preference shares iii) Par value of preference shares
- g) Collection from Debtor is
- i) Cash inflow ii) Sales iii) Inventory
- h) If a company issued 1,000,000 Ordinary shares of Rs. 10/- each then what would be the Ordinary shares capital of the company
- i) 1,000,000 ii) 10,000,000 iii) 1,100,000
- i) The payments due in next twelve months of long term loan is classified as
- i) Current maturity of long term loans. ii) Long term loans repayments. iii) Additional long term loan.
- j) Prepaid Expenses are amortized to
- i) Expenses ii) Receivables iii) Advances

Q2. Munnawar & Co. is a principal company, consigns goods to Sohail Trading company Ltd, who is the agent of Munnawar & Co. According to agency agreement, Sohail Trading Co. cannot sell goods on credit without prior approval of principal company. On all sales by Sohail Trading Co. of goods consigned by Munnawar & Co., a 10% commission is allowed to Sohail Trading Co and 5% extra commission is allowed to Sohail & Co., on recovery of credit sales. Following transactions are occurred with Sohail & Co.: (20)

- i) Sohail & Co. reported sales of Rs. 50,000,000 of consigned goods
- ii) Debtors are recovered Rs. 5,000,000

Required:

Ascertain the amount of commission earned by Sohail Trading Company Ltd.

Q3. Pioneer Textile Limited has a share capital of Rs. 50,000,000/- (5,000,000 ordinary shares of Rs.10/- each). The Company declared 10% dividend to the shareholders. (15)

Required:

- i) Ascertain the amount of dividend.
- ii) Pass the Journal Entry for proposed dividend.
- iii) Pass the Journal Entry for payment of dividend.

Q4. Explain the Four from the following business terms: (16)

- i) Cash inflow.
- ii) Repairs & maintenance.
- iii) Cash and Bank balances.
- iv) Salaries expense.
- v) Short term loans.
- vi) Production cost.

Q5. The Trial Balance of Shafi Company Limited as on June 30, 2013 is as follows: (24)

Head of accounts	DEBIT	CREDIT
	Rupees	
Share Capital (5,000,000 ordinary shares of Rs.10/- each)		50,000,000
Un appropriated Profit & Loss A/c.		5,000,000
Long term loans		3,000,000
Short term borrowings		2,000,000
Current maturity of long term loans		2,000,000
Trade creditors		1,000,000
Accrued expenses		1,000,000
Fixed Assets	70,000,000	
Accumulated depreciation		20,000,000
Long term investments	12,000,000	
Trade debtors	5,000,000	
Cash and bank balances	4,000,000	
Sales		64,000,000

Cost of sales	40,000,000	
Administration expenses	10,000,000	
Selling expenses	6,000,000	
Financial expenses	2,000,000	
Investment income		1,000,000
Total	149,000,000	149,000,000

Other informations:

1. The authorized share capital of Shafi Company Limited is Rs. 100,000,000 (10,000,000 ordinary shares of Rs.10/-).
2. Closing stock not adjusted in Cost of sales in the trial balance is of Rs.6,000,000/-.
3. Depreciation at the rate of 10% is to be charged on written down value of fixed assets.
4. Accrued mark up on loan is Rs. 1,000,000/-.
5. Unpaid expenses bills of Rs. 500,000/-.
6. Provision for taxation of Rs. 1,000,000/-.

Required:

1. Prepare Profit and Loss account of Shafi Company Limited for the year ended June 30, 2013.
2. Prepare Balance Sheet of Shafi Company Limited as on June 30, 2013.

Q6. Prepare Profit and Loss Appropriation Account of Tariq Company Limited as on June 30, 2013. The information is given below:

Net Profit after Tax of the year	Rs.	2,000,000
Un appropriated Profit and Loss Account as on July 1, 2012		60,000,000
Proposed dividend		5,000,000
Transfer to General Reserve		5,000,000
Transfer to Exchange Fluctuation Reserve		2,000,000
