

THE INSTITUTE OF CORPORATE SECRETARIES OF PAKISTAN
C.I.S EXAMINATION JULY 2012
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) When current assets are equal to current liabilities. What will the current ratio :
- i) 1:1 ii) 2:2 iii) 3:1
- b) The balance of Un-appropriated profit in the balance sheet as under is shown as :
- | | |
|-----------------------|---------------|
| Current year balance | Rs. 1,250,000 |
| Previous year balance | Rs. 1,000,000 |
- i) Net Profit ii) Reserves iii) Assets
- c) When 16% Sales Tax is Rs. 16,000, what will the Sales value :
- i) Rs. 100,000 ii) Rs. 116,000 iii) Rs. 84,000
- d) Classify the advances from customer into :
- i) Debtors ii) Liabilities iii) Deposits
- e) What is the main purpose of maintenance of Bank Book on transaction basis :
- i) Receipts & Payments ii) Maintain serial order of cheques
iii) Bank reconciliation
- f) What is the particular cost control?
- i) Purchases verification ii) Sales enhancement iii) Low inventory maintenance.
- g) When the creditors at end of the year is increased what will the impact on cash flow:
- i) Increase in Cash flow ii) Decrease in Cash flow
iii) Increase in bank balances.
- h) The nature of assets is Debit. Expenses are also debited. What it means as expenses are debited :
- i) Services are earned ii) Payments are made
iii) Loss is incurred.
- i) The Company has a Share Capital of Rs. 10,000,000 (1,000,000 ordinary shares of Rs. 10/- each). The Board of Directors of the Company has announced a dividend of Re.0.50 per share. What will be the percentage of dividend declared?
- i) 5% ii) 10% iii) 15%

- Q5. Prepare the adjusted Trial Balance of ABC Company for the year ending June 30, 2012 from the following data and adjustments given hereunder: (20)

Debit balances	Amount	Credit balances	Amount
Fixed assets –Net	800,000	Capital	500,000
Investment	200,000	Retained earnings	200,000
Stocks	240,000	Sales	600,000
Debtors	150,000	Short term loans	100,000
Prepaid rent	12,000	Short term loans	100,000
Cash & Bank balances	50,000	Creditors	50,000
		Accrued expenses	2,000
Total	1,452,000	Total	1,452,000

Additional Information:

Following adjustments are required in the above accounts:

- i) Depreciation is to be provided @ 10% per annum on straight-line basis on net fixed assets.
- ii) The management has decided to write off the debtors by the amount of Rs.50,000 being more than three years old.
- iii) In a lawsuit, it has been decided that the company is liable to compensate to debtors for short sales of Rs.10,000.
- iv) Rent is paid in advance for the year and is due on September 1, 2012 no adjustment has been made in the accounts as yet.
- v) 10% annual interest income is due on September 30, 2012.
- vi) Quarterly payment of mark up on short term loan is due on 31st July 2012 @ 15% per annum.
- vii) A receipt of Rs. 40,000 as advances from customers is recorded as sales.
- viii) A physical count of stock shows a decrease over the book balance by Rs. 10,000. The company normally shows as 'Stock Loss' and charge the cost in the income statement.
- ix) Unpaid expense bills on June 30, 2012 are of Rs. 10,000.

- Q6. Prepare the Profit & Loss account and Balance Sheet of AB & Co. (Pvt) Ltd. for the year ending June 30, 2012. (10)

	(Rs.in '000')
Collections from customers during the year	5,000
Opening debtors	100
Opening Capital	600
Investment by owner during the year	50
Purchases	4,200
Creditors	200
Operating expenses	500
Fixed assets –net	1,000
Depreciation for the year on fixed assets-net balance	10%
Unpaid expense bills on June 30, 2012	50
Debtors at end	200
Taxation for the year	20%

Stock at end	400
Advances to suppliers of goods	240
Cash & Bank balances	100
Un-appropriated Profit & (Loss) balance	100

Q7. Find out the amount debtors at end of the year from the following information:

(8)

	(Rs. in '000)
Debtors at beginning of the year	200
Sales during the year	5,000
Cheques from customers received & deposited	4,000
Cheques dishonoured	60
Sales return	20
Sales discount	30
Ascertained bad debts	50

Q8. Pass the necessary journal entries to correct the errors and omission occurred in data:

(12)

- a) Stock of Rs. 5,000 has been debited to Accounts Receivables.
- b) A party of Payable is paid Rs.10,000 and entered in Accounts Receivables.
- c) Sales of Rs. 15,000 are entered in Sales Return account.
- d) Bad debts of Rs. 5,000 are debited to Sales account.
- e) A remittance of Rs. 100,000 in bank from export sales is not recorded in the book.
- f) Depreciation expense on fixed assets of Rs. 10,000 is credited to bank account.