



The Institute of Corporate Secretaries of Pakistan
C.I.S. Examinations January 2015
Introduction to Accounting (112)

Module – A

January 2015

Group – I

Time allowed: 3 Hours

Instructions:

Max. Marks : 100

- Attempt all questions and submit workings, which will be treated as a part of your answer.
- Use separate page for each answer.

**Marks
(10)**

Q1. Select the correct answer of the following:

- a) Dividend is paid on priority basis to :
i) Ordinary share holders. ii) Preference share holders iii) Debenture holders.
- b) Cash paid on acquisition of fixed assets is shown in :
i) Cash flow from operating activities. ii) Cash flow from investing activities.
ii) Cash flow from financing activities.
- c) Depreciation is charged on :
i) Total assets. ii) Fixed assets. iii) Deferred cost.
- d) Raw materials are :
i) Stock in trade. ii) Purchases. iii) Expenses.
- e) Intangible asset is :
i) Goodwill. ii) Preliminary expenses. iii) Leasehold improvements.
- f) Unpaid expenses are :
i) Payable. ii) Income. iii) No expense.
- g) Equipment is the :
i) Fixed asset. ii) Depreciation. iii) Rent expense.
- h) Share capital is :
i) Equity of the company. ii) Investment of the company.
iii) Liability of the company.
- i) Leasehold improvements are :
i) Fixed assets. ii) Rent expenses. iii) Renovation expenses.
- j) Quantification of future commitments are :
i) Long term payable. ii) Contingency. iii) Balance sheet figure.

- Q2.** ABC Limited Co., floated shares of Rs.50,000,000 to the public, the total Rs.70,000,000 of shares value is subscribed. Pass the following entries. **(20)**
- Subscription received.
 - Over subscription refunded.
 - Shares allotted.
 - Preliminary expenses are Rs. 1,000,000.
 - Dividend is proposed 10% at the year end.

- Q3.** The Trial balance of Rehmat Pvt. Limited is as follows for the year ended June 30, 2014. **(20)**

| | Debit (Rupees) | Credit (Rupees) |
|--|---------------------------|----------------------------|
| Share capital ordinary shares 5,000,000 of Rs.10/- each. | | 50,000,000 |
| Unappropriated profit | 5,000,000 | |
| Long term loans | | 5,000,000 |
| Short term loans | | 3,000,000 |
| Trade creditors | | 1,000,000 |
| Accruals & other liabilities | | 800,000 |
| Fixed assets at cost | 30,000,000 | |
| Accumulated depreciation | | 5,000,000 |
| Long term investments | 20,000,000 | |
| Stock as on 1.7.13 | 3,300,000 | |
| Other current assets | 20,000,000 | |
| Sales | | 100,000,000 |
| Purchases | 80,000,000 | |
| Operating expenses | 15,000,000 | |
| Financial expenses | 1,500,000 | |
| | 169,800,000 | 169,800,000 |
| | 169,800,000 | 169,800,000 |

Other Information:

- Authorized share capital ordinary shares of Rs.10/- each.
- Depreciation is to be charged as 10% on written down value of fixed assets.
- 12% interest is earned on long term investment for full year.
- Stock in trade as on June 30, 2014 is Rs. 5,000,000.
- Tax for the year is 34%.

Required:

- Profit and Loss account for the year ended June 30, 2014.
- Balance sheet as at June 30, 2014.

- Q4.** Find out the Debtors balance at end: **(10)**

| | Rs. |
|------------------------------|------------|
| Debtors balance at beginning | 1,500,000 |
| Sales | 20,000,000 |
| Collections during the year | 19,000,000 |
| Sales return | 500,000 |

Q5. XYZ Ltd. has taken loan from the Bank of Rs. 10,000,000. The outstanding loan including interest thereon is Rs. 3,255,600. The company gone into the understanding with Bank like Rs.3,000,000 loan would be converted to Debentures of 1000 of Rs. 100 each issued to the Bank at the interest rate of 15% per annum. The repayment will be started after six months. The difference of amount in loan and interest will be paid by the company to the bank now. How many Debentures will be issued to the Bank? **(20)**

Q6. Explain Four from the following terms: **(20)**

- a) Current ratio
- b) Cost of sales
- c) Net worth
- d) Gratuity
- e) Fixed assets
- f) Net realizable value
- g) Cash flow
