



The Institute of Corporate Secretaries of Pakistan

C.I.S. Examinations July 2014

INTRODUCTION TO ACCOUNTING (112)

Module – A

Group – I

Instructions:

- Attempt all questions and submit workings, which will be treated a part of your answers.

Saturday, 5 July, 2014

Time allowed: 3 Hours

Max. Marks : 100

Marks
10

Q.1 Choose the right answers from the following situations:

- a) Short term investment is reported in :
- i) Current Assets
 - ii) Non-Current Assets
 - iii) Current Liabilities
- b) Current ratio is the relationship of :
- i) Current Assets
 - ii) Current Liabilities
 - iii) Current Assets and Current Liabilities
- c) Stock in trade at end is the :
- i) Deduction in Cost of Sales
 - ii) Consumption in Cost
 - iii) Sales
- d) Bad debts are :
- i) Expense
 - ii) Liabilities
 - iii) Current Assets
- e) Paid Share Capital is :
- i) Equity
 - ii) Liability
 - iii) Cash & Bank Balance
- f) Amortization is related to :
- i) Intangible Assets
 - ii) Freehold Assets
 - iii) Lease hold Assets
- g) Car dealer's stock of cars would be :
- i) Trading goods
 - ii) Fixed Assets-vehicle
 - iii) Sales
- h) The relationship of cost of sales and sales lies in the accounting concept of :
- i) Matching principle
 - ii) Prudence
 - iii) Going-concern
- i) Sales return is the :
- i) Deduction in Sales
 - ii) Purchases
 - iii) Expense

- j) Working capital is the difference of :
- i) Total Assets & Total liabilities
 - ii) Trade Debtors & Creditors
 - iii) Current Assets & Current Liabilities

Q.2 Present a statement of Debtors ageing of AK Traders. Following are the debtors and their transactions and balances: **10**

- a) Hamid & company purchased goods of Rs.500,000 from AK Traders as on July 1, 2013.
- b) Fareed Traders purchased goods from AK Traders September 4, 2013 was Rs. 2,000,000.
- c) AB Partners purchased goods on September 16, 2013 was Rs. 800,000.
- d) Rabbani Associates purchased goods as on October 5, 2013 was Rs. 1,200,000.
- e) Collection received from Fareed Traders on November 1, 2013 as Rs. 1,000,000.

Required:

Prepare the number of days outstanding the amount in debtors' accounts from latest transactions or balances till December 31, 2013.

Q.3 Following are the Trial Balance of Nighat Company Limited as on June 30, 2013. **25**

	<u>DEBIT</u>	<u>CREDIT</u>
	<u>Rupees</u>	
Paid up Share Capital (2,000,000 Ordinary shares of Rs.10/- each)		20,000,000
Un-appropriated Profit & Loss account		5,000,000
Long Term Loans		8,000,000
Creditors, Accrual & Other liabilities		2,000,000
Fixed Assets at cost	33,000,000	
Accumulated Depreciation		6,255,000
Long Term Investment	6,000,000	
Stock in Trade	4,500,000	
Trade Debtors	3,000,000	
Prepayment & Other Receivables	2,500,000	
Cash & Bank Balances	3,000,000	
Sales-Net		40,941,000
Purchases	25,500,000	
Operating Expenses	3,946,000	
Financial Expenses	750,000	
	82,196,000	82,196,000

OTHER INFORMATION:

- i) Authorized Share Capital is Rs. 3,000,000 of Rs.10/- each.
- ii) Stock in Trade was Rs. 4,000,000 as on June 30, 2013.
- iii) Unpaid Expenses bills were Rs. 100,000.
- iv) Taxation for the current year was Rs. 1,800,000/-.
- v) Depreciation 10% at written down value.
- vi) Long term Investment was made on June 30, 2013.

REQUIRED:

- a) Profit & Loss account for the year ended June 30, 2013.
- b) Balance Sheet as at June 30, 2013.

- Q.4** Explain any 5 from following terms with practical examples: **20**
- a) Borrowing cost
 - b) Short term borrowings
 - c) Fixed Assets
 - d) Export sales.
 - e) Interest income.
 - f) Accounts Payable

- Q.5** Following are the financial statements of Qamar Company Limited as on June 30, 2013. **25**
Amount in Rs.

BALANCE SHEET

Equities		Assets	
Paid up Share Capital	100,000,000	Fixed Assets at written	
Un-appropriated P/L A/c	10,000,000	Down value	100,000,000
Long term debts	20,000,000	Long term investment	20,000,000
Current Liabilities	12,000,000	Current Assets	22,000,000
Total Equities	<u>142,000,000</u>	Total Assets	<u>142,000,000</u>

PROFIT & LOSS STATEMENT

Sales- Net	100,000,000
Cost of sales	<u>70,000,000</u>
Gross Profit	<u>30,000,000</u>
Operating expenses	15,000,000
Financial expenses	<u>2,000,000</u>
Operating Profit	<u>17,000,000</u>
Net Profit before Taxation	13,000,000
Taxation	<u>2,000,000</u>
Net Profit after Taxation	<u>11,000,000</u>

REQUIRED: Calculate the following ratios:

- a) Current ratio
- b) Debt equity ratio
- c) Gross Profit percentage
- d) Net Profit percentage
- e) Cost of Sales to Sales percentage

- Q.6** Following are the data of Azmat Company Limited. **10**
- | | | | |
|----------------|-----------------|-----------------------|-----------------|
| Current Assets | Rs. 100,000,000 | Current Liabilities | Rs. 80,000,000 |
| Total Assets | Rs. 850,000,000 | Long term Liabilities | Rs. 200,000,000 |

REQUIRED: Find out the working capital of the Company.