

ALL FINAL TERM PAST PAPERS SOLVED SUBJECTIVE BY
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1. Data was given and we have to find diluted EPS? (5)

Diluted EPS is a performance metric used to gauge the quality of a company's **earnings per share (EPS)** if all convertible securities were exercised. Convertible securities are all outstanding convertible preferred shares, convertible debentures, stock options (primarily employee-based) and warrants

2. One question was about to write the section that is applied in share issued at premium, at discount, at capital? (3)
3. **Issued shares** is a term of law and finance for the number of **shares** of a corporation which have been allocated (allotted) and are subsequently held by shareholders. The act of creating new **issued shares** is called **issuance**, allocation or allotment
4. the amount by which the amount received by a company for a stock issue exceeds its face value
5. At a **discount** specifically refers to **stock** that is sold for less than its nominal or par value. At a **discount** also refers to stocks or other securities that are sold below the present market value, similar to a sale on goods at a retail establishment
6. the part of the capital of a company that comes from the issue of share
- 7.
8. What provision reduce asset? (3)
IAS37
9. One question was about to write disclosure requirement of revenues, IAS 18?

What is revenue 3 marks

Revenue is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise

Find value premium 3 marks

In investing, **value premium** refers to the greater risk-adjusted return of **value** stocks over growth stocks

Selling cost 3 example 3 marks

Selling expense (or sales expense) includes any **costs** incurred by the sales department. These **costs** typically include the following: Salesperson salaries and wages. Sales administrative staff salaries and wage

Share capital 5 marks

the part of the **capital** of a company that comes from the issue of shares

Contingent liabilities 5 marks

A **contingent liability** is a potential **liability** that may occur, depending on the outcome of an uncertain future event. A **contingent liability** is recorded in the accounting records if the contingency is probable and the amount of the **liability** can be reasonably estimated

Future value find 3 marks

Future value is the **value** of an asset at a specific date. It measures the nominal **future** sum of money that a given sum of money is "worth" at a specified time in the **future** assuming a certain interest rate, or more generally, rate of return; it is the present **value** multiplied by the accumulation function

Difference financing and investing activities 3 marks

A category in a company's cash flow statement that accounts for external **activities** that allow a firm to raise capital and repay investors, such as issuing cash dividends, adding or changing loans or issuing more stock. Cash flow from **financing activities** shows investors the company's **financial** strength

cash flow from **investing activities** is an item on the cash flow statement that reports the aggregate change in a company's cash position resulting from any gains (or losses) from **investments** in the financial markets and operating subsidiaries and changes resulting from amounts spent on **investments** in capital assets

Questions

Find Eps

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of [common stock](#). [Earnings](#) per share serves as an indicator of a company's profitability.

calculated as = net income-dividend preferred stock/average outstanding shares

Find compound value

Is ways to calculate Future Value (FV)

- 1) For an asset with simple annual interest: = Original Investment x (1+(interest rate*number of years))
- 2) For an asset with interest compounded annually: = Original Investment x ((1+interest rate)^number of years)

Operating activity

- 2) These are the company's core business **activities**, such as manufacturing, distributing, marketing and selling a product or service. **Operating activities** should generally provide the majority of a company's cash flow and largely determine whether a company is profitable

Operating lease

Operating lease is a contract wherein the owner, called the Lessor, permits the user, called the Lessee, to use of an asset for a particular period which is shorter than the economic life of the asset without any transfer of ownership rights

Accounting policy

Accounting policies are the specific principles, rules and procedures implemented by a company's management team and are used to prepare its financial statements. These include any methods, measurement systems and procedures for presenting disclosures

Contents of prospectus

(i) It is a document issued as a **prospectus**; (ii) It is an invitation to the member of the public; (iii) The public is invited to subscribe to the shares or debentures of the **company**; ... (v) It is a document by which the **company** procures its share capital needed to carry on its activities

Interest revenue and borrowing cost

The other way of earning **interest revenue** is when a company deposits or invests money with a bank - the bank pays the company **interest** on the deposit or the investment. Either way **interest revenue** is earned, it's reported on the company's income statement

Borrowing costs are 'interest and other **costs** that an entity incurs in connection with the **borrowing** of funds'. A qualifying asset is defined as 'an asset that necessarily takes a substantial period of time to get ready for its intended use or sale

Define development cost (3)

Development costs are the **costs** a business incurs from researching, growing and introducing a new product or service. **Development costs** are commonly referred to as research and **development costs**. These **costs** can include a host of expenses, such as marketing analysis, developmental engineering and customer surveying

Define Admin cost (3)

The salaries of senior executives and **costs** of general services (such as accounting, contracting, and industrial relations) fall under this heading. **Administrative costs** are related to the organization as a whole as opposed to expenses related to individual departments. Also called **administrative** expense

Retrospective Application (3)

A **retrospective application** is the **application** of a new accounting principle as if that principle had always been applied. The concept is used when the financial statements for multiple periods are being presented.

What u know about the Cost of goods sold (3)

Cost of goods sold (COGS) are the direct costs attributable to the production of the **goods sold** by a company. This amount includes the **cost** of the materials used in creating the good along with the direct labor costs used to produce the good. ... Also referred to as "**cost** of sales

Classification of operating, financing and investing activity (5)

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Which type of matters are discussed in special resolution (5)

A **special resolution** is a **resolution** of the company's shareholders which requires at least 75% of the votes cast by shareholders in favour of it in order to pass. Where no **special resolution** is required, an **ordinary resolution** may be passed by shareholders with a simple majority – more than 50% – of the votes cast

What u know about income statement (5)

An **income statement** or profit and loss account (also referred to as a profit and loss **statement** (P&L), **statement** of profit or loss, revenue **statement**, **statement** of financial performance, earnings **statement**, operating **statement**, or **statement** of operations) is one of the financial **statements** of a company and shows the

Prepare profit and loss appropriate account (5)

steps of formation of company 3

1. Promotion of a Company
2. Registration of a Company
3. Certificate of Incorporation; and
4. Commencement of the Business

what accountant face prior errors define according to IAS 08 3

Prior Period Errors are omissions from, and misstatements in, prior period financial statements resulting from the failure to use, or the misuse of, reliable information that was available, or could be reasonably expected to have been obtained, at the time of preparation of those financial statements. (Adapted from IAS 8)

Examples of accounting errors included the following:

- Misapplication of accounting policies: e.g. not recognizing sale upon transfer of goods to a customer
- Fraud: e.g. overstating sales revenue by issuing fake invoices before the reporting date
- Misunderstanding of, or failure to notice, information at the time of preparation of financial statements:
e.g. not writing off a receivable who had been announced as insolvent before the authorization of financial statements

- Arithmetical Errors
- Omission of transactions and events from the financial statements

shares chapter 3

In financial markets, a share is a unit of account for various investments. It often means the stock of a corporation, but is also used for collective investments such as mutual funds, limited partnerships, and real estate investment trusts. Corporations issue **shares** which are offered for sale to raise share capita

which book value of account most suitable according to companies ordinance act 1984 section 236/ 5

The directors of a holding company required to prepare consolidated financial statements under section 237 shall make out and attach to consolidated financial statements, a report with respect to the state of group's affairs and all provisions of sub-sections (2), (3) and (4) shall apply to such report as if for the word "company" appearing in these sub-sections the word "holding company" were substituted.

the book value of asset 8796 has destroyed due to fire after balance sheet date,define which event is this? and what accounting treatment will be for this asset? 5

IAS 10

IAS 10 and FRS 21, events after the balance sheet date

by **Neil Stein**

15 Mar 2007

Events after the balance sheet date and before financial statements are issued can have important effects on the financial statements. For example, the bankruptcy of a major customer would normally be evidence that the trade receivable should be written off or an allowance made as at the balance sheet date.

There is another type of event after the balance sheet date - one that does not affect the position at the balance sheet date, but which still needs disclosure in some way to prevent users being misled. An example of such an event might be a material fall in the market value of investments.

General provisions

Events after the balance sheet date are divided into two types, corresponding to the two

examples just given. The definition in IAS 10 is:

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

(b) those that are indicative of conditions that arose after the balance sheet date (nonadjusting events after the balance sheet date).

Material adjusting events require changes to the financial statements.

Examples of such events given in IAS 10 and FRS 21 are:

(a) the resolution of a court case, as the result of which a provision has to be recognised instead of the disclosure by note of a contingent liability;

(b) evidence of impairment of assets:

(i) bankruptcy of a major customer;

(ii) sale of inventories at prices

suggesting the need to reduce the balance sheet figure to the net value actually realised.

Nonadjusting events do not, by definition, require an adjustment to the financial statements, but if they are of such importance that non-disclosure would affect the ability of users of the financial statements to make proper evaluations and decisions, the enterprise should disclose by note:

- the nature of the event;

- an estimate of its financial effect, or a statement that such an estimate cannot be made.

Examples of such events given in IAS 10 and FRS 21 are:

(a) decline in market value of investments;

(b) announcement of a plan to discontinue part of the enterprise;

(c) major purchases and sales of assets;

- (d) expropriation of assets by government;
- (e) destruction of a major asset by fire etc;
- (f) a major business combination after the balance sheet date;
- (g) sale of a major subsidiary;
- (h) major dealings in the company's ordinary shares;
- (i) abnormally large changes in asset prices or foreign exchange rates;
- (j) changes in tax rates with a significant effect on current and deferred tax assets;
- (k) entering into significant commitments or contingent liabilities;
- (l) commencing major litigation arising solely out of events after the balance sheet date.

Further provisions of IAS 10 and FRS 21

(a) Authorisation for issue of financial statements

An enterprise should disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the owners or others have the power to amend the financial statements after issue, that fact should be disclosed.

(b) Going concern

If the management decides after the balance sheet date that it is necessary to liquidate the enterprise, the financial statements should not be prepared on a going concern basis.

(c) Dividends

Proposed dividends may no longer be recognised as liabilities if, as will normally be the case, they are proposed or declared after the balance sheet date.

The disclosure of proposed dividends may be given in one of two ways:

- (a) by note
- (b) on the face of the balance sheet as a separate component of equity.

if opening account receivable are 150000
account receivable end of year 152000

credit sales are 25000 5

find out total cash received

find out future value of your investment according to given data

one long question was from lease chapter

calculate lease amortization 5

.....

1. provision for warranty?? 3

Provisions for warranty claims are recorded at the time products are sold and are reviewed and adjusted by management periodically to reflect actual and anticipated experience. An analysis of changes in the liability for product **warranty** claims is as follows: For the Years Ended.

2. 1 application to record errors?? 3

3. methods to prepare cash flow statement?? 3

When you use the indirect **method** of **preparing** the **statement of cash flows**, the operating section starts with net income from the **income statement**. You then adjust net income for any noncash items hitting the **income statement**. One typical adjustment is for depreciation, which is a noncash transaction

4. ledger entries?? 5

In bookkeeping and accounting, a **ledger** is a book (or record) for collecting chronological transaction data from a journal, and organizing **entries** by account.

6. calculate shareholder's equity??/ 5

Shareholders' equity is equal to a firm's total assets minus its total liabilities and is one of the most common financial metrics employed by analysts to determine the financial health of a company

7. present value?? 5

the value in the present of a sum of money, in contrast to some future value it will have when it has been invested at compound interest

😊 **Common Components of Memorandum (5 marks)**

😊 A good memo organizes the information to be conveyed both for the reader's convenience and ease of understanding and to achieve the writer's purpose in the most effective way.

😊 **Jump to:**

😊 Heading

😊 Opening

😊 Summary

😊 Discussion paragraph(s)

😊 Your closing

😊 Attachments



😊 **Q2:What do you know about distribution Cost?**

Distribution costs (also known as “**Distribution Expenses**”) are usually defined as the **costs** incurred to deliver the product from the production unit to the end user. It is a broad terminology and it includes several **costs**



😊 (5 marks) (5 activities was given,, this question is related to cash flow statement)



😊 The three categories of **cash flows** are operating **activities**, investing **activities**, and financing **activities**. Operating **activities** include **cash activities** related to net income. Investing **activities** include **cash activities** related to noncurrent assets



Q4:Format of income statement on the basis of functions of expense (5 marks)

An income statement by function is the one in which expenses are disclosed according to their functions such as cost of goods sold, selling expenses, administrative expenses, other expenses/losses etc.

Company A
Income Statement
For the Year Ended June 31, 2011

Sales		\$789,160
Cost of Goods Sold		<u>-445,940</u>
Gross Profit		\$343,220
Operating Expenses:		
Selling Expenses	\$109,310	
Administrative Expenses	<u>127,270</u>	
Total Operating Expenses		<u>-236,580</u>
Operating Income		\$106,640
Other Incomes/Expenses:		
Gain on Sale of Equipment	\$3,570	
Interest Expense	<u>-1,150</u>	
Net Other Incomes/Expenses:		<u>2,420</u>
Net Income		<u>\$104,220</u>



Q5: Format of Profit and Loss Appropriation Account for a limited company (3 marks)



However for a Limited Company, a typical Profit And Loss Appropriation Account will look like below:



Profit And Loss Appropriation Account for XYZ Limited Co.

Note		\$
1	Net profit for the year	
	Less:	
2	Corporation Tax	
	Net Profit After Tax	
	Add:	
	Profit & loss account balance brought forward	
	Less:	

3	Transfer to General reserve	
4	Dividends: Preference	
	Ordinary	
5	Profit And loss account balance carried forward	



Q6:How expenses are aggregated according to functions. (3 marks)

- 🤔 The Aggregate Operating Expenses action rolls up operating expenses that occur as part of maintenance work orders, service desk actions, or expensed project actions, and creates a set of Scheduled Cost (cost_tran_sched) records for these charges. The action aggregates these records on a per-building (or per-property if the Building Code is null), per month basis, so these costs can be included in examinations of monthly operating expenses

limitations of retrospective,IAS 08.5 mrks.

IAS international accounting standards basically controls the accounting and auditing standards according to worldwide standards

recognition Measurement, Presentation and Disclosure of Long Term Investments is governed by following Standards

- C IAS 27 Consolidated and Separate Financial Statements
- C IAS 28, Investments in Associates
- C IAS 31, Interests in Joint Ventures
- S IAS 32, Financial Instruments Disclosure and Presentation
- C IAS 39, Financial Instruments Recognition and Measurement

IAS 23 deals with borrowing cost

IAS 01IAS affect(s) the recognition, presentation and Discourse of fixed assets in financial statements

IAS 16 deals with Revaluation of Assets?

IAS is related to the Consolidated and Separate
Financial Statements IAS 27

IAS 32 and 39 mainly cover Financial Instruments. Investments that are not covered by IAS 27,
28 and 31 are covered under IAS 32 and 39 as Financial Instruments

IAS 40=investment property

IAS 8= retrospective

IAS 16= property plant and equipment

IAS 10= events after the balance sheet

IAS11= construction contracts

IAS32=financial instruments

IAS 31=interest on joint venture

IAS33=earning per share

IAS 37=contingent liabilities

IAS 23= borrowing

IAS 17= lease