

Qno.1: The accounting records of Modern Equipment showed the following balances at the end of the year 2019 and 2018:

| | Modern Equipment |
|-----------------------------------|---|
| 1. High-Speed Drilling: | <ul style="list-style-type: none"> High-speed steel (HSS) drill bits for faster drilling rates. Variable speed controls to optimize drilling speed for different materials. |
| 2. Advanced Cutting Tools: | <ul style="list-style-type: none"> Coated drill bits (e.g., TiN, TiAlN) for improved wear resistance and cutting efficiency. Fluted drill bits for better chip evacuation. |
| 3. Automation: | <ul style="list-style-type: none"> Automated drilling systems for consistent and precise drilling. Robotic arms for material handling and positioning. |
| 4. Monitoring and Control: | <ul style="list-style-type: none"> Real-time monitoring systems for drilling parameters (e.g., torque, feed rate). Feedback loops for adjusting drilling parameters based on sensor data. |
| 5. Material Selection: | <ul style="list-style-type: none"> Use of advanced materials like composites and high-strength alloys. Optimization of material properties for drilling performance. |
| 6. Process Optimization: | <ul style="list-style-type: none"> Optimization of drilling parameters (e.g., feed rate, spindle speed) for maximum efficiency. Use of simulation software to predict drilling performance. |
| 7. Tool Management: | <ul style="list-style-type: none"> Tool wear monitoring systems to detect and replace worn tools. Inventory management systems for drill bits and cutting tools. |
| 8. Operator Training: | <ul style="list-style-type: none"> Training programs for operators on modern drilling equipment. Simulation-based training for complex drilling tasks. |
| 9. Quality Control: | <ul style="list-style-type: none"> Automated inspection systems for drilled holes. Statistical process control (SPC) for maintaining drilling quality. |
| 10. Integration: | <ul style="list-style-type: none"> Integration of drilling equipment with manufacturing execution systems (MES). Integration with enterprise resource planning (ERP) systems. |

Balance Sheet-Comparative

| Debit Balances | 2019 | 2018 |
|----------------------------|----------------|----------------|
| Cash | 67,200 | 28,000 |
| Accounts Receivable | 133,000 | 84,000 |
| Merchandise Inventory | 70,000 | 42,000 |
| Machinery | 112,000 | 84,000 |
| Land | 110,600 | 124,600 |
| Patent | 28,000 | 35,000 |
| Total | 520,800 | 397,600 |
| | | |
| Credit Balances | | |
| Allowance for Depreciation | 49,000 | 35,000 |
| Accounts Payable | 9,800 | 25,200 |
| Long Term Bonds Payable | 147,000 | 106,400 |
| Share Capital | 210,000 | 168,000 |
| Share Premium | 21,000 | 7,000 |
| Retained Earnings | 84,000 | 56,000 |
| Total | 520,800 | 397,600 |

[illegible]

1 During the year, the company declared cash dividend of Rs.21,000 and stock dividend of Rs.28,000

[illegible][illegible]

| | | | | | | | | | |
|---|--|--|--|----------------|--|------------------|--|--|--|
| Qno.1: The balance sheets of Farooqui Ltd as at Dec 31, 2015 and 2014 are as follows: | | | | | | | | | |
| | | | | | | | | | |
| Farooqui Ltd. | | | | | | | | | |
| Balance Sheet-Comparative | | | | | | | | | |
| | | | | | | | | | |
| EQUITIES | | | | 2015 | | 2014 | | Additional Information: | |
| Share Capital | | | | 800,000 | | 700,000 | | 1 The company sold marketable securities of Rs.40,000 for Rs.50,000. | |
| Retained Earnings | | | | 20,000 | | 170,000 | | 2 It also sold furniture costing Rs.10,000 for Rs.7,000. | |
| 10% Debenture Payable | | | | 100,000 | | 122,000 | | At the time of sale the book value of furniture was Rs.9,000. | |
| Accounts Payable | | | | 20,000 | | 18,000 | | Required: | |
| Total | | | | 940,000 | | 1,010,000 | | Prepare cash flow statement | |
| | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Machinery | | | | 350,000 | | 250,000 | | | |
| Allowance for Depreciation-Machinery | | | | (75,000) | | (50,000) | | | |
| Furniture | | | | 350,000 | | 300,000 | | | |
| Allowance for Depreciation-Furniture | | | | (90,000) | | (70,000) | | | |
| Merchandise Inventory | | | | 125,000 | | 150,000 | | | |
| Accounts Receivable | | | | 120,000 | | 160,000 | | | |
| Marketable Securities | | | | 200,000 | | 220,000 | | | |
| Bank | | | | (40,000) | | 50,000 | | | |
| Total | | | | 940,000 | | 1,010,000 | | Farooqui Co. | |

Qno.1: The comparative balance sheets of CPA Company are given below:

CPA Company
Balance Sheet-Comparative

| ASSETS | 2018 | 2017 |
|--------------------------|----------------|----------------|
| Cash | 23,000 | 16,000 |
| Accounts Receivable | 18,000 | 10,000 |
| Inventory | 34,000 | 30,000 |
| Plant Assets | 56,000 | 55,000 |
| Accumulated Depreciation | (12,000) | (10,000) |
| Total | 119,000 | 101,000 |
| EQUITIES | | |
| Accounts Payable | 20,700 | 18,200 |
| Wages Payable | 800 | 300 |
| Income Tax Payable | 500 | 1,500 |
| Ordinary Share Capital | 60,000 | 50,000 |
| Retained Earnings | 37,000 | 31,000 |
| Total | 119,000 | 101,000 |

Income statement for the year 2018 is following:

CPA Company
Income Statement(2018)

| | | |
|---------------------------------|--------|--------------|
| Sales | | 59,000 |
| Less: Cost of Goods Sold | | (30,000) |
| Gross Profit | | 29,000 |
| Less: Operating Expenses | | |
| Wages Expense | 10,000 | |
| Depreciation Expense | 5,000 | |
| Other Operating Expenses | 3,000 | |
| Total Operating Expenses | | (18,000) |
| Income before Taxes | | 11,000 |
| Less: Taxes Expenses | | (2,000) |
| Net Income | | 9,000 |

Additional Information:

- 1 Purchase new plant assets for Rs.8,000.
- 2 Issued additional ordinary shares at par Rs.10,000
- 3 Declared and paid cash dividend of Rs.3,000
- 4 Sold plant assets having the book value of Rs.4,000 and accumulated depreciation of Rs.3,000 at Rs.4,000 cash.

Required: Cash Flow Statement