

# KHYBER PAKHTUNKHWA, PUBLIC SERVICE COMMISSION

## COMPETITIVE EXAMINATION FOR THE POSTS OF PROVINCIAL MANAGEMENT SERVICES (BPS-17)

2013

### ACCOUNTING & AUDITING, PAPER-I

MAX:MARKS: 100

TIME ALLOWED: 03 HOURS

Note:- Attempt any five questions. All question carry equal marks.

Q.1- From the following balances extracted from the books of star company. Prepare a Trading and Profit and Loss Account and Balance Sheet on 31<sup>st</sup> Dec, 2012.

	Rs.		Rs.
Stock on 1st January-----	11,000	Return outwards-----	500
Bills Receivable-----	4,500	Trade Expenses-----	200
Purchases-----	39,000	Office Fixtures-----	1,000
Wages-----	2,800	Cash in hand-----	500
Insurance-----	700	Cash at Bank-----	4,750
Sundry Debtors-----	30,000	Rent and Taxes-----	1,100
Carriage inwards-----	800	Carriage outwards-----	1,450
Interest on capital-----	700	sales-----	60,000
Commission(Dr)-----	800	Bills payable-----	3,000
Returns inwards-----	1,300	Creditors-----	19,650
Stationery-----	450	Capital-----	17,900

Note: The stock on 31<sup>st</sup> December 2012 was valued at Rs.25,000/=

Q.2- From the following transactions write up a two colum Cash Book and part into Ledger.

January	I	cash in hand Rs.2,000/=
2013		
=	7	Received from Riaz & Co. Rs.200. Discount allowed Rs:10
=	12	Cash Sales Rs: 1,000
=	15	Paid Zahoor Sons Rs:500, Discount received Rs.15
=	20	Purchased goods for cash Rs:500. Discount Rs:15
=	25	Received from Salman Rs:500. Discount Rs:15
=	27	Paid Hasan & Sons Rs:300
=	28	Bought Furniture for cash Rs:100
=	30	Paid Rent Rs:100

Q.3- The Sundry Debtors and Sundry Creditors on 31<sup>st</sup> December, 2012 are Rs:4,000 and Rs.2,500 respectively. At the end of year it was devided to create a Bad Debts Reserve at 3% and Discount Reserve at 2 1/2% on Sundry Debtors and make discounts Reserve at 2% on Sundry creditor

Required: Prepare the Journal and Profit and Loss and Balance Sheet entries.

Q.4- The following errors were defected in books at the close of a period:

- 1- Paid wages for the construction of office debited to wages account Rs:1500
- 2- Paid cartage for the newly purchased furniture Rs:10, posted to cartage account.
- 3- Paid Rs:200 for the purchase of a table posted to purchases account.
- 4- Paid Rs:150 for the installation of machinery debited to wages account.
- 5- Purchased machinery for Rs:10,000 was passed through the invoice book.
- 6- Sold old Furniture for Rs:250 passed through the day book.

Required: Prepare the journal entrees necessary to correct the above errors.

Q.5- From the following particulars make out an Account Current to be rendered by the standard Electric Company to Mr. Saeed Ahmed as on 30<sup>th</sup> September, 2012.

<b>Required:</b>	Compute the interest at 5% per annum.
July 1st	Balance due by Saeed Ahmed to standard Electric Company-----Rs:500
= 13	Cash received from Saeed Ahmed -----Rs.250
= 23	Solds goods to Saeed Ahmed-----Rs.325
= 31	Received Saeed Ahmed's Acceptance at 3m/d-----Rs.200
Aug 11	Cash received from Saeed Ahmed-----Rs.75
= 14	Goods Sold to Saeed Ahmed-----Rs.190
Sep 20	Goods Sold to Saeed Ahmed-----Rs.120
= 25	Goods Bought of Saeed Ahmed -----Rs.200
= 28	Received Cash from Saeed Ahmed -----Rs.150

**Q.6-** Enter the following transactions of a merchant in his journal and give the bank account.

March 2012	1 <sup>st</sup>	Paid in to Bank on the current account Rs:6,000 and Fixed deposit account for one year Rs:10,000
=	2	Purchased Goods from A Rs:2,000
=	3	Paid A by cheque Rs:2,000
=	4	Sold Goods fro cash Rs:500
=	8	Received a cheque from Zahid Rs:200 and paid in to Bank.
=	9	Paid Wages by cheque Rs:200
=	12	Received a cheque from Rahim Rs:100
=	13	Paid Rahim's in to bank
=	14	Gave a cheque to c for Rs:100
=	15	Rahim's cheque returned dishonoured.
=	20	Received an outstation cheque for Rs:1,000 from D and paid into the bank.
=	22	D's cheque collected and exchange there on being Rs:3
=	23	Received cash from Rahim Rs:100 and paid into the bank.
=	24	Drew from Bank for office use Rs:150
=	27	Purchased furniture from Z for Rs:1,000 and paid him by means of a bank draft purchased from the bank for Rs:1005
=	31	Paid Salaries by cheque Rs:200
=	31	Received a postal order for Rs:500 from K and paid the same into bank.

**Q.7-** A machine was purchased by Haroon Ltd on 2 February 2012 having list price of Rs:20,000, 20% trade discount being allowed by the seller. The machine was acquired and the installation expenses amounted to Rs:4,000 for immediate over hauling and replacement of parts expenditures were incurred in the amount of Rs:8,000. The machine started production from 1<sup>st</sup> march, 2013. The life of the machine was estimated to be 10 years having scrap value of Rs:6,000. Haroon Ltd close their books of accounts on 30<sup>th</sup> June each year. As a policy they charge depreciation from the date of production.

- Required:** Compute the amount using the straight line Method and follow Allowance Method for recording it.
- Give dated entries in General – Journal (with explanation for the acquisition of the machine).
  - Give the necessary adjusting and closing entries in general-journal relating to depreciation on June 30, 2012.
  - Prepare partial Balance Sheet of Haroon Ltd as of June 30, 2012

**Q.8-** Arif and Wasif are partners and have credit of Rs:20,000 and Rs:30,000 respectively. The partners agree to admit Kazi as a Partner. Kazi pays Rs:15,000 for one half of Arif's interest in the capital and profits of the business:

- Is the existing partnership terminated?
- Should the assets be revalued prior to the admittance of Kazi? Explain
- To whom does Kazi pay the cash?
- What journal entry is necessary to record the admittance of the incoming partner?
- How should profits and losses be divided after the admittance of Kazi?