

KHYBER PAKHTUNKHWA PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR THE POSTS OF PROVINCIAL MANAGEMENT
SERVICES (BPS-17)

ACCOUNTING & AUDITING, PAPER-I

TIME ALLOWED: 03 HOURS

MAX: MARKS: 100

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

Q.1- From the following Trial Balance of Anwar and additional information prepare Trading and Profit and Loss Account for the year ended 31st March, 2016 and a Balance Sheet as on that date:

Particulars	Dr. (Rs.)	Cr.(Rs.)	Particulars	Dr.(Rs.)	Cr. (Rs.)
Capital		1,00,000	Bad Debt written-off	7,000	
Furniture	20,000		Creditors		1,20,000
Purchases	1,50,000		Drawings	24,000	
Debtors	2,00,000		Provision for bad debts		6,000
Interest earned		4,000	Printing and Stationary	8,000	
Salaries	30,000		Insurance	12,000	
Sales		3,21,000	Opening Stock	50,000	
Purchase return		5,000	Office expenses	12,000	
Wages	20,000		Provision for depreciation		2,000
Rent	15,000				
Sales Return	10,000		TOTAL	5,58,000	5,58,000

Additional information:

- i. Depreciate furniture by 10% on original cost
- ii. A provision for doubtful debts is to be created to the extent of 5% on sundry debtors
- iii. Salaries for the month of March, 2016 amounting to Rs.3,000 were unpaid which must be provided for. However, salaries included Rs.2,000 paid in advance.
- iv. Insurance amounting to Rs.2,000 is prepaid.
- v. Provide for outstanding office expenses Rs.8,000.
- vi. Stock used for private purpose Rs.6,000.
- vii. Closing stock-in-trading Rs.60,000.

Q.2- Prepare the Bank Reconciliation Statement as on 30th November, 2016, from the following information of Mr. Muzakkir:

- i. Balance as per the Pass Book on 30.11.2016 (Dr.) Rs.20,000
- ii. On 5.10.2016, Mr. Muzakkir deposited a cheque for collection of Rs.1,000 and made entry in Cash Book, appears in the Pass Book on 6.12.2016 as Rs.990
- iii. Cheques issued to parties but not presented for payment till 30.11.2016 are of Rs.525, Rs.835 and Rs.900
- iv. Cheques deposited for collection but not collected by the banker till 30.11.2016, Rs.8760 and Rs.410
- v. Profit on investment collected by the banker on 30.11.2016, Rs.955 entered in the Cash Book on 4.12.2016 on receipt of bank intimation
- vi. Bank charges Rs.90 (dated 27.11.2016) not entered in the Cash Book
- vii. Cheque deposited for collection on 30.11.2016 but returned dishonoured on 6.12.2016 of Rs.945
- viii. Bankers have made a mistake in balancing by showing overdrawn balance in excess by Rs.1,000 on 30.11.2016, which was rectified in the Bank Pass Book on 7.12.2016 when notified.

Q.3- Mr. Waheed purchased the required machine on 1.4.2014 for Rs.65,000. He engaged Mr. Kabeer to erect the units, who charged Rs.5,000 and agreed to wait a month for his payment. The machinery was depreciated at 10% p.a. on the Fixed Instalment Method – and accounting year being April-March. On 1.10.2016, a single unit which cost Rs.10,000 originally was sold for a cash price of Rs.7,000. On the same date, a new machine costing Rs.10,000 (paid by cheque) was installed. Write out the Machinery Account for the years 2014-15, 2015-16 and 2016-17 and Machinery Disposal Account.

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Q.4- The City Football Club prepared the following Receipts and Payments Account for the year ended 31.12.2016:

Receipts	Rs.	Payments	Rs.
To Balance b/d	3,800	By Sports Equipment (purchased on 1.9.2016)	10,000
To Subscriptions:		By Tournament Expenses	4,000
2015	2,000	By Electricity	500
2016	18,500	By Printing	300
2017	900	By Salaries and Wages	3,400
To Entrance Fee (capital receipts)	800	By Expenses for Exhibition	2,100
To Profit on Investment	1,500	By Balance c/d	7,200
	27,500		27,500

Additional information: (i) Fixed assets of the club on 1.1.2016 includes the following: Sports Equipment – Rs.15,000, Club Ground – Rs.62,000; Furniture – Rs.2,000; (ii) Subscriptions for 2016 collected in 2015 – Rs.500; (iii) Unpaid subscriptions for 2016 – Rs.300; (iv) Depreciation to be provided @20% p.a. on sports equipment and @5% p.a. on furniture. Prepare an Income and Expenditure Account for the year ended on 31.12.2016.

Q.5- Mr. Gohar drew a Trial Balance of his operations for the year ended 31.03.2012. there was a difference in the Trial Balance which he closed with a Suspense Account. On a scrutiny by the auditors, the following errors were found:

- i. Purchase Day Book for the month of April 2011 was undercast by Rs.1,000
- ii. Sales Day Book of October, 2011 was overcast by Rs.10,000
- iii. A furniture purchased for Rs.8,100 was entered in the Furniture Account as Rs.810
- iv. A bill for Rs.10,000 drawn by Mr. Gohar was not entered in the Bills Receivable Book
- v. A machinery purchased for Rs.10,000 was entered in the Purchase Day Book

Pass necessary Journal Entries to rectify the same and ascertain the differences in the Trial Balance that was shown under the Suspense Account in respect of the above items.

Q.6- Aslam and Akram are in partnership sharing profits and losses in the ratio of 3:2. As Aslam, on account of his advancing years, feels he cannot work as hard as before, the chief clerk of the firm, Waseem, is admitted as a partner with effect from 1st January, 2015, and becomes entitled to 1/10th of the net profits and nothing else, the mutual ratio between Aslam and Akram remaining unaltered.

Before, becoming a partner, Waseem was getting a salary of Rs.500 p.m. together with a commission of 4% on the net profits after deducting his salary and commission. It is provided in the partnership deed that the share of Waseem's profits as a partner in excess of the amount to which he would have been entitled if he had continued as the chief clerk, should be taken out of Aslam's share of profit. The net profit for the year ended December 31, 2015, amounts to Rs.1,10,000. Draw up the Profit and Loss Appropriation Account for the year ended December 31, 2015 showing the distribution of net profit amongst the partners.

Q.7- The following are the transactions of Mr. Gulab Khan, sole trader, for the 1st week of October, 2016:

- i. Received from Mohsin by cheque Rs.275; discount allowed to him Rs.5
- ii. Paid miscellaneous expenses Rs.25 in cash
- iii. Purchased furniture from Woodland and issued cheque for Rs.900. Paid postage in cash Rs.15
- iv. Paid office salaries Rs.600; withdrawn from Bank Rs.500
- v. Paid Saleem & Co. by cheque Rs.1,980 in full settlement of their dues of Rs.2,000
- vi. Cheque issued in favour of Saleem & Co. returned not honoured since date was wrongly mentioned in the cheque. Issued a fresh cheque in their favour including Rs.5 towards bank charges on cheque returned.

The following were the balances on October 1, 2016; Cash – Rs.738; Bank – Rs.12,176

You are required to write up a Double Column Cash Book.