



ROLL NO

PUNJAB PUBLIC SERVICE COMMISSION
COMBINED COMPETITIVE EXAMINATION
FOR RECRUITMENT TO THE POSTS OF
PROVINCIAL MANAGEMENT SERVICE, ETC -2023
CASE NO. 1C2024

SUBJECT: COMMERCE (PAPER-I)

TIME ALLOWED: THREE HOURS**MAXIMUM MARKS: 100****NOTE:**

- i. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- ii. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- iii. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- iv. Extra attempt of any question or any part of the question will not be considered.

Attempt Five Questions in All, Selecting minimum Two Questions from each Part. Calculator is allowed (Not programmable).

PART-A

Q No.1 An adjusted trial balance for State Insurance Agency at December 31 appears as follows:

State Insurance Agency
Adjusted Trial Balance
December 31, 2022

Cash	Rs.10,200	
Account Receivable	20,000	
Office Equipment	15,000	
Acc. Depreciation: Office Equipment		Rs.3,000
Accounts Payable		6,000
Capital		19,700
✓Drawing	18,000	
✓Sales Commissions earned		185,000
✓Advertising expense	36,500	
✓Rent expense	32,000	
✓Salaries expense	64,500	
✓Utilities expense	16,000	
✓Depreciation expense: Office Equipment	1,500	
	Rs.213,700	Rs.213,700

Prepare journal entries to close the accounts. Use four entries: (1) to close the revenue account, (2) to close the expense accounts, (3) to close the Income Summary account, and (4) to close the owner's drawing account. **(20 Marks)**

Q No.2 From the following Trial Balance of Mr. Haji Traders, prepare Trading, Profit & Loss Account for the year ended 31st March, 2021 and a Balance Sheet as at that date.

		Debit (Rs.)	Credit (Rs.)
Opening Stock	T	24,000	
Drawings	C-	11,200	
Furniture	A	4,800	
Cash in Hand	A	36,000	
Purchases	T	96,000	
Returns	T	8,000	
Establishment charges		20,000	
Taxes and Insurance	PEL	4,000	
Bad Debts	PEL	4,000	
Sundry Debtors	A	40,000	
Investments	A	32,000	
Discount received	R		1,200
Commission	R		4,000
Returns	P		16,000
Bad Debts Provision	OLA Provision		8,000
Sales	T		120,000
Bank Loan @ 15%	P		16,000
Creditors	L		34,800
Capital	L		80,000
		280,000	280,000

The following adjustments are made:

- (1) Depreciate Furniture @ 10% p.a.
- (2) Interest accrued on investment Rs.1,680.
- (3) Commission amounting to Rs.800 relating to the next year.
- (4) Bad Debts Reserve is to be maintained at Rs.8,000
- (5) Salaries Rs.800 and Taxes Rs.3,200 are payable.
- (6) Insurance prepaid is Rs.400.
- (7) Closing Stock Rs.36,000.

(20 Marks)

Q No.3 Draw a difference between accrual and cash basis accounting. Explain the reasons that financial decision making is difficult without cash flow statement. (20 Marks)

Q No.4 The Contract Ledger of a company indicates the under mentioned expenditure on account of Contract 'A' to 31st December, 2022:

Materials	✓	Rs. 120,000
Plant	✓	20,000
Wages	✓	164,000
Establishment Expenses	✓	6,000

The contract began in January, 2022; the contract price being Rs.600,000. Cash received on account to date Rs.240,000 is 80% of the work certified; and the remainder is to be paid as to 10% on completion and the balance six months after completion. Materials on hand and work completed but not certified was Rs.10,000.

Prepare a contract account showing the profit to date after depreciating Plant by Rs.100. How much profit would the company be justified in crediting to the Profit and Loss Account? Show also how the work-in-progress would appear in the Balance Sheet. (20 Marks)