

KHYBER PAKHTUNKHWA, PUBLIC SERVICE COMMISSION

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

2013

ACCOUNTING & AUDITING, PAPER-I

TIME ALLOWED: 03 HOURS

MAX: MARKS: 100

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 31st 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 31st December 2012 was valued at Rs.25,000/=

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

January 2013	I	cash in hand Rs.2,000/=
=	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 31st December, 2012 are Rs:4,000 and Rs:2,500 respectively. At the end of year it was decided 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 detected 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 30th September, 2012.

Required:

July	1st	Balance due by Saeed Ahmed to standard Electric Company-----	Rs:500
2012			
=	13	Cash received from Saeed Ahmed -----	Rs.250
=	23	Sold goods to Saeed Ahmed-----	Rs.325
=	31	Received Saeed Ahmed's Acceptance at 3m/d-----	Rs.200
Aug	1	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	1 st	Paid in to Bank on the current account Rs:6,000 and Fixed deposit account for one year Rs:10,000
2012		
=	2	Purchased Goods from A Rs:2,000
=	3	Paid A by cheque Rs:2,000
=	4	Sold Goods for 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 1st 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 30th 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?