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National Officers Academy

Mock Exams CSS-2024

January 2024(Mock-8)

ACCOUNTANCY AND AUDITING, PAPER-I

TIME ALLOWED: THREE HOURS	**PART-I (MCQS)**	**MAXIMUM MARKS = 20**
PART-I(MCQS): MAXIMUM 30 MINUTES	**PART-II**	**MAXIMUM MARKS = 80**

NOTE:

i. **Part-II** is to be attempted on the separate **Answer Book**.
ii. Attempt **ONLY FOUR** questions from **PART-II**, by selecting **TWO** questions from **EACH SECTION.ALL** questions carry **EQUAL** marks.
iii. All the parts (if any) of each Question must be attempted at one place instead of at different places.
iv. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
v. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
vi. **Use of calculator is allowed.**

SECTION - I

Q. 2. On September 1, 2011, the account balances of R and Equipment Repair, Inc. were as follows.

No. Debits	No. Credits
Cash Rs. 4,880 154	Accumulated Depreciation Rs. 1,500
Accounts Receivable 3,520	Accounts Payable 3,400
Supplies 2,000	Unearned Service Revenue 1,400
Store Equipment 15,000	Salaries Payable 500
	Common Stock 15,000
	Retained Earnings 3,600
Rs.25,400	Rs. 25,400

During September the following summary transactions were completed.
Sept. 8 PaidRs.1,400 for salaries due employees, of which Rs.900 is for September.
10 Received Rs.1,200 cash from customers on account.
12 Received Rs.3,400 cash for services performed in September.
15 Purchased store equipment on account Rs.3,000.
17 Purchased supplies on account Rs.1,200.
20 Paid creditors Rs.4,500 on account.
22 Paid September rent Rs.500.
25 Paid salaries Rs.1,250.
27 Performed services on account and billed customers for services provided Rs.1,500.
29 Received Rs.650 from customers for future service.
Adjustment data consist of:
Supplies on hand Rs.1,200. Accrued salaries payable Rs.400. Depreciation is Rs.100 per month. Unearned service revenue of Rs.1,450 is earned.
Required
(a) Journalize the September transactions. Prepare a trial balance at September 30.(10 Marks)
(b) Journalize and post adjusting entries. Prepare an adjusted trial balance. (10 marks)

Q No.3.

(A). On January 1, 2015, Hydri Construction acquired a small excavator for Rs.85,000. This device had a 4-year service life. It is expected that the equipment will be sold for Rs.10,000 salvage value at the end of 4 years. The company uses the double-declining balance depreciation method.
(1) Prepare a schedule showing annual depreciation expense, accumulated depreciation and related calculations for each subsequent year.
(2) Show how the asset and related accumulated depreciation would appear on a balance sheet at December 31, 2015.
(3) Prepare journal entries to record the asset's acquisition, annual depreciation for each year, and the asset's eventual sale for Rs.10, 000 (10 Marks)

(B)Company installs a computerized manufacturing machine in its factory at the beginning of the year at a cost of $42,300. The machine's useful life is estimated at 10 years, or 363,000 units of product, with a $6,000 salvage value. During its second year, the machine produces 35,000 units of product.
Required: Determine the machine's second-year depreciation under the straight-line method.
(10 marks)

Q. 4. A, B are two partners sharing profits and losses in the ratio of 3:1. They admit K as a partner and he pays Rs. 30,000 as capital. The new ratio is to be 3:1:1. The goodwill of the firm is to be based on 3 years' purchase of the average 4 years' profits which are Rs. 15,000, 12,000, 18,000, 19,000.
Required: Show the journal entries,
if: (A) K pays for the goodwill in cash. (10)
(B) He is unable to bring the cash for the goodwill. (10)

SECTION - II

Q .5
(a) Ayesha & Co. Prepared following estimates for the year 2017: (10)
Fixed factory overhead (in Rs) 450000
Variable factory overhead (in Rs) 600000
Direct labour hours 200000
However, actual results for the cost for the year 2017 were recorded as follows:
Fixed Factory overhead (in Rs) 450000
Variable Factory overhead (in Rs) 680000
Direct labour hours 220000
Required: based upon above given information, Calculate:
(i) Total Factory overhead variance
(ii) Capacity variance
(iii) Budget variance

(b) Calculate the total fixed cost of the shipping department of Areeba & Co. based upon the following information for the year 2016: (10)
Salaries Rs.800,000 75 percent of employees on guaranteed contracts
Packaging Rs.400,000 depending on size of item(s) shipped
Postage Rs.500,000 depending on weight of item(s) shipped
Rent of warehouse space Rs.250,000 annual lease.

Q no 6.
a) Ahmad Enterprises produces and sells the finest quality golf clubs in all of Clay County. The company expects the following revenues and costs in 2017 for its Elite Quality golf club sets: (10)
Revenues (400 sets sold @ Rs. 600 per set) Rs. 240,000
Variable costs Rs. 160,000
Fixed costs Rs. 50,000
Required: How many sets of clubs (unit) must be sold for Ahmad Enterprises to reach their breakeven point?
b)The marketing department of Saad Corporation has submitted the following sales forecast for the upcoming fiscal year. (10)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Budgeted unit sales	20,000	15,000	25,000	15,000

The selling price of the company's product is $22.00 per unit. Management expects to collect 75% of sales in the quarter in which the sales are made, 20% in the following quarter, and 5% of sales are expected to be uncollectible. The beginning balance of accounts receivable, all of which is expected to be collected in the first quarter, is $66,000. The company expects to start the first quarter with 3,200 units in finished goods inventory. Management desires an ending finished goods inventory in each quarter equal to 20% of the next quarter's budgeted sales. The desired ending finished goods inventory for the fourth quarter is 3,400 units.
Required: 1. Prepare the company's sales budget and schedule of expected cash collections.
2. Prepare the company's production budget for the upcoming fiscal year.

Q No. 7
Abbas manufacturing Company submitted following information at 31st December 2011. (20)

Inventories	Opening	Closing

Q No. 7

Abbas manufacturing Company submitted following information at 31st December 2011. (20)

Inventories	Opening	Closing
Raw Material	100000	30000
Factory Supplies	2000	1000
Work in process	50000	15000
Finished goods	100000	______?

Other Data
Direct labour 100000
Indirect labour 5000
Electric supply expenses 2000
Heating and lighting 4000
Workmen's compensation 3000
Factory insurance 1000
Supertendence expenses 2000
Wages and rent factory 8000
Miscellaneous expenses 1000
Factory supplies purchases 3000
Raw material purchased 230000
Tool expenses 2000
Finished goods inventory 1st January 500 units, sold during the year 2011, 5500 units @ Rs. 300 per unit and the closing inventory of finished goods at 31st December 2011 was 550 units.
Required (a) Cost of goods sold (b) An income statement for the year 2011

Q . 8.
(20)
The AB & Co produces a chemical which requires processing in three departments. The following is the data to the operation of department III for September, 2008.
Units in process at start 50% completed as to Mat. & C.C 5,000
Unit received from Department II 40,000
Unit transferred to finished storeroom 35,000
Normal units lost 1,000
Balance of units is in process: 100% completed as to material & 50% as to C.C.
Cost of beginning inventory P.D.Rs.10,000 .Mat.Rs.10, 000. CC. Rs.5000
Cost transferred from Department II Rs.30, 000
Cost added: Material Rs. 8,800
Conversion cost Rs.16200
Required: Prepare cost of production report of Department III by Weighted Average.

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Best Wishes for CSS-2024

National Officers Academy
NOA
Where Dreams Come True

Accountancy & Auditing Jan 11,2024 At 10:00:AM

Umer Adil Batch # 60
Lahore.

1). Current maturity of long term loan is
A). Current Liability
B). Long Term Liability
C). Long term asset
D). None of these

2). Double entry book-keeping was fathered by
A). F.W.Taylor
B). Henry Fayol
C). Lucas Pacioli.
D). Robert Owen

3). Unearned Revenue is
A). Liability
B). Asset
C). Equity
D). None of these

4). Depreciation is based on
A). Economic life of asset
B). Declared life of asset by supplier
C). Normal life of asset
D). None of these

5). Expenses such as rent and depreciation of a building are shared by several departments these are
A). Indirect expenses
B). Direct expenses
C). Joint expenses
D). None of these

6). Operating cost is often named as
A). Manufacturing cost plus commercial expenses
B). Prime cost plus factory overheads
C). Direct material plus direct labour
D). Selling plus administrative expenses

7). The measureable value of an alternative use of resources is referred to as
A). An opportunity cost
B). An imputed cost
C). A different cost
D). A sunk cost

8). A cash purchase of supplies would
A). Decrease owner's equity
B). Increase liabilities
C). Have no effect on total assets

D). None of these

9). Indirect expenses are charged to
A). Balance sheet
B). Profit and Loss account
C). Trading account
D). None of these

10). Under the diminishing balance method, depreciation amount is
A). Payment
B). Receipt
C). Expenditure
D). None of these

11). Amount, cash, or other assets removed from business by owner is
A). Capital
B). Drawings
C). Assets
D). None of these

12). For preparing balance sheets prepaid expenses are shown as part of
A). Liability
B). Equities
C). Assets
D). None of these

13). Short-term loan can be described as
A). If the period is three years
B). If the period is less than one year
C). If the period is over one year
D). None of these

14). Formula of Inventory Turnover
A). Cost of Goods sold / Average Inventory
B). Account Receivable/ Average Inventory
C). Account Payable / Average Inventory
D). Net profit / Average Inventory

15). Direct Labor cost plus FOH is called
A). Prime cost
B). Conversion cost
C). Product cost
D). All of these

16). Nominal accounts are related to
A). Assets
B). Expenses and incomes
C). Customers and Creditors etc.
D). None of these

17). Cash budget excludes the following
A). Non-Cash items
B). Cash items
C). Purchase on Credit items

D). None of these

18). In straight line method of depreciation, the written down value of a fixed asset will be at the end of the lif of the asset as under

A). Rupee one

B). Rupee zero

C). Rupee two

D). None of these

19). Flexible budget is a budget with the following features

A). Changes with volume of production

B). Changes with variable expenses

C). Changes in Direct material

D). None of these

20). Loan given by employer to employee will not be taxable if the amount is upto ___________

A). 1,000,000

B). 1,500,000

C). 500,000

D). None of the above

Umer Adil
Batch # 60
Subject - Accounting & Auditing (P-I)
Date : 11-01-2024
Room : 08

SECTION-I
QUESTION-03 (A)

Hydri Construction
General Journal

Req.-(3)

Date	Particulars	L/F	Amount Rs. Dr.	Amount Rs. Cr.
Jan 01 2015	Excavator Account		85,000	
	Cash Account			85000
	Excavator acquired for cash			
31 Dec 2015	Accumulated depreciation account		37500	
	Excavator account			37500
	Depreciation charged on asset			
31 Dec 2016	Accumulated Depreciation account		25000	
	Excavator account			25000
	Depreciation charged on asset			
31 Dec 2017	Accumulated Depreciation account		2500	
	Excavator ~~[illegible]~~ account			2500
	Depreciation charged on asset			
31 Dec 2018	Accumulated depreciation account		20,000	
	Excavator account			20,000
	Depreciation charged on asset			

Date	Particulars	L/F	Amount Dr. Rs.	Amount Cr. Rs.
31 Dec 2018	Cash account		10,000	
	Accumulated depreciation account		85000	
	Excavator account			85000
	Gain on sale of asset			10,000
	Excavator disposed off			
			265000	265000

Requirment-(2)

Hydri constructions
Balance Sheet
As on December 31, 2016

Equity / Liabilities	Rs. Amount	Assets	Rs. Amount
		Excavator A/c 85000 (-) Acc. depreciation 37500	47500

Requirment (1) Schedule

	Balance	Annual Depreciation	Acc. Depreciation
31 Dec 2015	85000	37500	37500
31 Dec 2016	47500	25000	62500
31 Dec 2017	22500	2500	65000
31 Dec 2018	20,000	20,000	85000

Calculation

$$\text{Depreciation} = 2 \times \frac{\text{cost} - \text{salvage value}}{\text{useful life}}$$

31 Dec 2015 $\text{Depreciation} = 2 \times \frac{85000 - 10,000}{4} = 37500$ / P.a

2016 Depreciation $= 2 \times \frac{(85000-37500) - 10,000}{3}$

" = 25004-P.a

2017 Depreciation = 2500/- P.a

2018 Depreciation = 20,000/- P.a

QUESTION-03 (B)

Cost of Machine = \$42300

Salvage value = \$6000

Useful life = 10 years

Estimated units = 363,000 units

Units Produced = 35000 units

Depreciation $= \frac{\text{cost} - \text{Salvage value}}{\text{useful life}}$

First year Depreciation $= \frac{42300 - 6000}{10}$

Depreciation = 3630/- P.a

Second year Depreciation = 3630/- P.a

Second year depreciation is also 3630 as it is straight-line method.

QUESTION 1-02

Req (a)

R and Equipment Repair, Inc
General Journal

Date	Particulars	L/F	Amount Cr. Rs.	Amount Dr. Rs.
Sep 08	Salaries account		900	
	Cash account			900
	Salaries paid to employees			
Sep 10	Cash account		1200	
	Customer account			1200
	cash received			
Sep 12	Cash account		3400	
	services performed account			3400
	Service rendered			
Sep 15	Equipment account		3000	
	creditors account			3000
	Equipment buy on account			
Sep 17	Supplies account		1200	
	Creditors account			1200
	Supplies buy on credit			
Sep 20	Creditors account		4500	
	PayableCash account			4500
	Paid creditors			
Sep 22	Rent account		500	
	Cash account			500
	Rent Paid			
Sep 25	Salaries account		1250	
	Cash account			1250
	Paid Salaries			

Date	Particulars	L/F	Amount Dr. Rs.	Amount Cr. Rs.
Sep 27	Debtors account		1500	
	Services account			1500
	~~Sep 29~~ (Service rendered)			
Sep 29	Cash account		650	
	Unearned Income a/c			650
	(unearned income received)			

Rand Equipment Repair, Inc
Trial Balance
As on September 30

Particulars	Debit Rs.	Credit Rs.
Salaries (900 + 1250)	2150	
Equipment (3000 + 15000	18000	
Supplies (1200 + 2000)	3200	
Rent	500	
Debtors a/c (1500 + 3520)	5020	
Services a/c (3400 + 1500		4900
Unearned Income (650 + 1400)		2100
Cash a/c (2600 + 4880)	7680	
Creditors a/c (5400 + 3400)	8900	
Customer a/c		1200
Salaries Payable		500
Common Stock		15000
Retained earnings		3600
Acc. Depreciation	150	

Req (B)

R-and Equipment Repair, Inc
General Journal
For month ended on 30 September

Date	Particulars	L/F	Amount Dr. Rs	Amount Cr. Rs
Sep	Work in Process		800	
	Supplies			800
Sep	Salaries Paid		600	
	Cash			600
Sep	Depreciation a/c		600	
	Equipment a/c			600
Sep	Unearned revenue a/c		1450	
	Service a/c			1450

Section - II

QUESTION 1 - 07

Req (a) Abbas Manufacturing Company

Cost of Goods manufacture and sold statement

For year ended of On 31 Dec 2011

Particulars	Amount Rs.	Amount Rs.
Direct Material cost:		
Material (opening	100,000	
(+) Material Purchased	230,000	
Material available	330,000	
(−) Material (ending	30,000	
Direct Material cost		300,000
Direct Labour Cost		100,000
Factory overhead Cost (W)		32000
Current Manufacturing cost		432000
(+) WIP opn		50,000
cost Goods to be Mfg.		482000
(−) WIP (Clo		15000
Cost of Goods Mfg.		467000
(+) Finished Good (Op		100,000
Cost Good to be sold		567000
(−) Fined good (Clo) (550x84.14)		46277
Cost of Goods Sold		520723

FOH Working

op Supplies	2000
(+) Purchased	3000
(−) Clo Supplies	1000
Supplies (Net)	4000
+ Ind labour	5000
+ Electricity exp	2000
Heat lighting	4000
workmen compensation	3000
insurance	1000
Superintendence	2000
wages rent	8000
Misc.	1000
Tool exp	2000
FOH cost	32000

Units Manufactured:

units sold =	5500
(+) F. Good (end) =	550
	6050
(−) F. Good (clo)	500
Units manufactured	5550

$$\text{Per Unit cost} = \frac{\text{Cost Good Manufactured}}{\text{Units manufactured}}$$

$$= \frac{467000}{5550}$$

$$= 84.14$$

CamScanner

(b) Abbas Mfg. company
Income Statement
As on Dec 31, 2011

Particulars	Amount Rs.	Amount Rs.
Sales (5500 X 300)		16,50,000
(–) Cost of Good. sold		520723
Gross Profit		1129277

QUESTION-08

AB and Co.
Cost of Production Report
Department III
For year on September, 2008

Quantity schedule	Units	Units
Units received from proceedin Dpt.		40,000
Units transfered to Finished	35000	
Units in Process	4000	
[Material: 100%, CC: 50%]		
Units lost (normal loss	1000	40,000

Details	Total cost	Per Unit cost
cost from Dept II $\left(\frac{30,000}{40,000}\right)$	30,000	0.75
Direct Material cost (10,000+8800)	18800	0.48
Conversion Cost (16200+5000)	21200	0.57
Revised per Unit cost		0.76
Total		1.82

Cost Accounted for as follow:

Particulars.	Amount Rs.	Amount Rs.
cost of units transfered to Finished (35000 X 1.82)	63700	
cost of ~~stage~~ begining inventory	10,000	73700
Cost of Units in Process		
cost of proceeding Dept. Units in process		
Material in Process [4000 X 50% X 0.48]	960	
Conversion C. in Process [~~Stage~~ X	5000	5960
Cost Accounted For		79660

Equivalent Production Figure

Formula:

= F.G Units + [Unit in Process x completion Stage]

Material = 35000 + [4000 X 100%] = 39000 Units

C.C = 35000 + [4000 X 50%] = 37000 Units

Per Unit cost

Material = $\frac{\text{Material cost}}{\text{E. Product figure}}$ = $\frac{18800}{39000}$

Material = 0.48 Per Unit rupees

$$C.C = \frac{C.\ cost}{EP\ Figure}$$

$$= \frac{21200}{37000}$$

C.C = 0.57 per unit rupees

★ Revised Per Unit cost of processing department.

$$= \frac{\text{Cost of Processing dept}}{\text{Good Units}}$$

~~Good~~ $= \frac{30{,}000}{39000}$

Revised = 0.76 per unit cost

Good Units = Total Units − Units lost

= 40000 − 1000

Good Units = 39000