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National Officers Academy

Mock Exams CSS-2022

April 2022 (Final Mock)

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. Global Service Company was organized on April 1, 2015. The company prepares quarterly financial statements. The adjusted trial balance at June 30, 2015 is given below.

	Debits		**Credits**
Cash	5,190	Accumulated depreciation	700
Accounts receivable	480	Notes payable	4,000
Prepaid rent	720	Accounts payable	790
Supplies	920	Salaries and wages payable	300
Equipment	12,000	Interest payable	10
Dividends	500	Unearned rent revenue	400
Salaries and wages expense	7,400	Share capital-ordinary	11,200
Rent expense	1,200	Service revenue	11,360
Depreciation expense	700	Rent revenue	900
Supplies expense	160		
Utilities expense	350		
Interest expense	40		
Total Debits	29,660		29,660

(a). Prepare an income statement for the Quarter April 1 to June 30. (10)
(b). Prepare statement of Retained Earnings. (05)
(c). Prepare a Balance Sheet with proper headings (05).

Q.3. The following results of a company are available: **(20)**

a.	Current Ratio	6 : 1
b.	Quick Ratio	0.50 : 1
c.	Debt Equity Ratio	90 : 10
d.	Collection index	136 days
e.	Time Interest Earned	08 : 1

Required:-

Offer your comments on each of the above regarding their adequacy or otherwise

Q-4 (a) The following condensed balance sheet is for the partnership of Andrews, Carroll, and Murray, who share profits and losses in the ratio of 6:2:2, respectively. **(10)**

Cash	Rs. 70,000
Other assets	130,000
Total assets	**Rs. 200,000**
Liabilities	Rs. 160,000
Andrews, Capital	25,000
Carroll, Capital	10,000
Murray, Capital	5,000
Total liabilities and partners' equity	**Rs. 200,000**

Which partner is most vulnerable to a loss?

Q-4 (b) Why is it necessary to make adjusting entries? Can you think of a situation when adjusting entries would not be required **(10)**

Q 5 The non current asset section of Aadil & Co. at December 31, 2005 is as under:- **(20)**

Land		Rs. 1,000,000
Office equipment	Rs. 5,000,000	
Less: accumulated depreciation	250,000	4,750,000
Machinery	Rs. 600,000	
Less: accumulated depreciation	120,000	480,000
Total non current asset		**6,230,000**

OTHER INFORMATION:

All assets were purchased on January 2, 2004

The firm depreciates all assets on a straight line basis with no residual value and with the following lives:

Office equipment	40 years
Machinery	10 years

The following transactions occurred during 2006:

Apr. 01. A new additional equipment was purchased for Rs. 1,000,000 and machinery at a cost of Rs. 50,000. All items were paid for in cash.

Jul. 15. Repairs of Rs. 5,000 were made for cash on machinery.

Sep. 30. Machinery with a cost of Rs. 100,000 and accumulated depreciation of Rs. 20,000 (as of 31st December, 2005) was sold for Rs. 82,000 cash.

Dec. 31. Machinery with a cost of Rs. 50,000 and accumulated depreciation of Rs. 10,000 (as of 31st December, 2005) was traded in for new machinery. The firm received a trade-in allowance of Rs. 32,000. The list price of the new machinery is Rs. 85,000.

REQUIRED:

Make all the required Journal entries.

Show all necessary computations.

SECTION - II

Q.6. Review salient features of Zero-based Budgeting. Who authored it? Is it relevant to conditions prevailing in Pakistan? Present your view point candidly **(20)**

Q- 7. 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. **(20)**

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 store room	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

Q- 8 Following information related to AADIL manufacturing company for the year ended December 31, 2007:

Direct material (beginning)	**Rs.**50,000	
Direct material purchased		300,000
Direct material (ending)		20,000
Direct labor	**?**	
Factory overhead (70% of conversion cost)		140,000
Work in process (ending)		**?**
Work in process (beginning-30% more than its ending)		**?**
Cost of goods manufactured is 8/15 of sales		**?**
Sales revenue (1000 units)	1,500,000	
Finished goods (beginning)(25 units)	30,000	
Finished goods (ending)(60 units)		80,000
Administrative & general expenses		210,000
Marketing & selling expenses	20,000	

REQUIRED: (20)

1. Calculate all missing figures.
2. Prepare statement of cost of goods sold.
3. Income statement for the year ended December 31, 2007.
4. Units manufactured.
5. Per unit cost of goods manufactured.
6. Gross profit per unit sold.

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Best Wishes for CSS-2022