



## National Officers Academy

**Mock Exams CSS-2023**

**December 2022 (Final Mock)**

### ACCOUNTANCY AND AUDITING, PAPER-I

<b>TIME ALLOWED: THREE HOURS</b>	<b>PART-I (MCQS)</b>	<b>MAXIMUM MARKS = 20</b>
<b>PART-I(MCQS): MAXIMUM 30 MINUTES</b>	<b>PART-II</b>	<b>MAXIMUM MARKS = 80</b>
<b>NOTE:</b>		
i. <b>Part-II</b> is to be attempted on the separate <b>Answer Book</b> .		
ii. Attempt <b>ONLY FOUR</b> questions from <b>PART-II</b> , by selecting <b>TWO</b> questions from <b>EACH SECTION</b> . ALL questions carry <b>EQUAL</b> 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. <b>Use of calculator is allowed.</b>		

#### 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** 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	<u>250,000</u>	4,750,000
Machinery	Rs. 600,000	
Less: accumulated depreciation	<u>120,000</u>	<u>480,000</u>
Total non current asset		<u><b>6,230,000</b></u>

**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 31<sup>st</sup> 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 31<sup>st</sup> 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.5.** 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- 6.** 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- 7** Following information related to AADIL manufacturing company for the year ended December 31, 2007:

Direct material (beginning)	<b>Rs.50,000</b>
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.

**Q- 8**

(a) K Co. was totally destroyed by fire during June. However, certain fragments of its cost records with the following data were recovered: idle capacity variance, Rs.1,266 favorable; spending variance, Rs.879 unfavorable; and applied factory overhead Rs.16, 234. Required: Determine (1) **The budget allowance, based on capacity utilized, and (2) the actual factory overhead. (10 marks)**

(b)Valenko Company provided the following account balances for the year ended December 31 (all raw materials are used in production as direct materials): (20) Selling expenses . . . . . \$215,000 Purchases of raw materials . . . . . \$260,000 Direct labor . . . . . ? Administrative expenses . . . . . \$160,000 Manufacturing overhead applied to work in process . . . . . \$340,000 Total actual manufacturing overhead costs . . . . . \$350,000 Inventory balances at the beginning and end of the year were as follows: Beginning of Year End of Year Raw materials . . . . \$50,000 \$40,000 Work in process . . . . . ? \$33,000 Finished goods . . . . . \$30,000 ? The total manufacturing costs for the year were \$675,000; the cost of goods available for sale total \$720,000; the unadjusted cost of goods sold total \$665,000; and the net operating income was \$35,000. The company's over-applied or under-applied overhead is closed entirely to cost of goods sold.

**Required: Prepare schedules of cost of goods manufactured and cost of goods sold and an income statement. (Hint: Prepare the income statement and schedule of cost of goods sold first followed by the schedule of cost of goods manufactured.) (10 marks)**

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**Best Wishes for CSS-2023**