



## National Officers Academy

**Mock Exams CSS-2023**

**November 2022(Mock-4)**

### ACCOUNTANCY AND AUDITING, PAPER-I

**TIME ALLOWED: THREE HOURS**

**PART-I(MCQS): MAXIMUM 30 MINUTES**

**PART-I (MCQS)**

**PART-II**

**MAXIMUM MARKS = 20**

**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
<b>Rs.25,400</b>	<b>Rs. 25,400</b>

During September the following summary transactions were completed.

Sept. 8 Paid Rs.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)

(10)

(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
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-2023***