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National Officers Academy

Final Mock Exams Special CSS-2023 & Mock-6 for CSS-2024

September 2023

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. At the beginning of 2000, Mr. Saadiq decided to open an advertising agency called The Best
Agency. During 2000 the following transactions occurred.
Saadiq invested Rs. 300,000 cash in the business. In addition, the local bank lent the firm Rs. 100,000. The firm used the cash to purchase land for Rs. 50,000, a building for Rs. 100,000, and office furniture and fixtures for Rs. 80,000. In addition, the firm purchased another Rs. 50,000 of furniture and fixtures on account, all of which will be paid for next year.
The following summary of revenue and expense transactions and other transactions took place during 2000.

1. Commissions earned during the year amounted to Rs. 125,000. By the end of the year, Rs. 110,000 of these commissions had been collected in cash. The firm expects to collect the remaining cash early next year.
2. Various operating expenses of Rs. 105,000 were incurred and paid in cash during the year.
3. Saadiq withdrew Rs. 5,000 from office to pay the utility bills of his residence.

REQUIRED:
Using the above information, prepare the following financial statements:

1. Income statement for the year ended December 31, 2000.
2. Statement of owner's equity at December 31, 2000.
3. Balance Sheet as at December 31, 2000. (10 marks)

(B) A corporation had stockholders' equity on January 1 as follows:
Common Stock, $10 par value, 1,500,000 shares authorized, 600,000 shares issued;
Paid-in Capital in Excess of Par Value, Common Stock, $1,000,000;
Retained Earnings, $2,500,000.
Required: Prepare journal entries to record the following transactions:

Q.3.

A. 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)

B. You have the following information on BB Corp.:
Current ratio 2.0
Quick ratio 1.4
Current liabilities Rs. 100,000
Inventory turnover 6 x
Gross profit margin 0.20
Given these figures, calculate the firm's sales. (10 marks)

Q-4

Industry A has three companies whose income statements and balance sheets are summarized below.

	Company X	Company Y	Company Z
Sales	Rs. 500,000	(*d*)	(*g*)
Net income	Rs. 25,000	Rs.30,000	(*h*)
Total assets	Rs. 100,000	(*e*)	Rs.250,000
Total asset turnover	(*a*)	(*f*)	0.4
Profit margin	(*b*)	0.4%	5%
Return on total assets (ROA)	(*c*)	2%	(*i*)

Find the missing values (20 marks)

SECTION - II

Q.5. (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:
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? (10 marks)

(B)
The Marketing department of Graber Corporation has submitted the following sales forecast for the upcoming fiscal year.

	1st	2nd	3rd	4th
Budgeted unit sales.	16,000	15,000	14,000	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 (10 marks)

Q- 6. **(A)** Asghar Manufacturing Company sells its products for Rs.33 each. The current production level is 50,000 units, although only 40,000 units are anticipated to be sold.
Unit manufacturing costs are:
Direct materials Rs. 6.00
Direct manufacturing labor Rs. 9.00
Variable manufacturing costs Rs. 4.50
Total fixed manufacturing costs Rs.180,000
Marketing expensesRs.3.00 per unit, plus Rs.100,000 per year
Required:
(a) Prepare an income statement using absorption costing.
(b) Prepare an income statement using variable costing (10 marks)

B.
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)

Q- 7
(A)
The following information was gathered for Smart-view Company for the year ended December 31, 2018:
Budgeted Actual
Direct labor-hours 75,000 dlh 80,000 dlh
Factory overhead Rs.600,000 Rs.625,000
Assume that direct labor-hours are the cost-allocation base.
Required:
(a) Compute the budgeted factory overhead rate.
(b) Compute the factory overhead applied.
(c) Compute the amount of over/under applied overhead (10 marks)
(B)
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 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 (10 marks)

Q- 8

2 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.

(20 marks)

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Best Wishes for Special CSS & CSS-2024