



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Sector Accounting
(Theory)**

CGA | PRAD

Summer Exam-2024

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Public Sector Accounting (Theory)

- Q.1.** The Public Sector Enterprises means the sector of economic system which is based upon the principle of companies and administratively controlled by the State and not by the public.

The main objectives are to provide services to the public and are funded by the Government in the areas such as Health, Education, Local Government and Services Department, Housing and Social Work etc.

- Q.1.** (b)
1. Funded by the Government
 2. Administratively controlled and managed by the State
 3. Financial Independence
 4. Function as Rendering Public Services
 5. Monetary and specialized help particularly in terms of foreign exchange
 6. Massive help in Implementing government plans
 7. Autonomous or Semi-independent Bodies

Q.1. Answer at Section-15 of the AGP Ordinance, 2001

(c)

Q.2. Reference: IPSASB Hand Book-2017

Q.3. Answer at 3.5.3.6 of MoAP

Q.4. Answer at 4.6 of MoAP

Q.5. Section- 3 of the CGA Ordinance, 2001

(a)

Q.5. Section- 5 of the CGA Ordinance, 2001

(b)

Q.6. Answer at 2.3.2.2 and 2.3.3.1 of MoAP

Q.7. Answer at 13.6.1.1 to 13.6.2.1 of the AP&PM

Q.8. Answer at 4.2.1 and 4.3.1 of MoAP

Total Petty cash expenses: Initial Float – (Remaining balance + receipts (if any))
 $= 45,000 - 5,500$
 $= 39,500/-$

Journal Entries:

DR.	Expenditures	39,500/-	
CR.	Petty cash account		39,500/-
(Record expenditures on receipt of petty cash vouchers)			
DR.	Petty cash account	39,500/-	
CR.	Payment Clearing Account		39,500/-
(To reimburse the original petty cash float made simultaneously with above entry)			

As per IPSAS cash basis, we need to adjust prior year amending opening cash balance and so Rs. 78 million overstatements of cash payments in the previous year will increase the closing cash balance but not affect the overall increase in cash during the year.

The overall cash movement is unchanged from the amount shown in question because the error does not affect the current year.

Cash at the beginning of the year needs to be increased by Rs. 78 million.

The revised statement will be as follows:

	Receipts/ Payments controlled by entity (Rs. In millions)
Cash Receipts	1,833
Cash payments	(1,950)
Increase/ (Decrease) in cash	(117)
Cash at the beginning of the year (127+78)	205
Cash at the end of year	88
