



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Sector Accounting
(Application)**

CGA | PRAD

Summer Exam-2025

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Q.1. Coding: P58 5201G13119 054101

- (a) Function Element: 054101 (R&D Environment)
- i Entity Element (Punjab): P585201
- Object Element (Liabilities): G13119

Q.1. Coding: 011204 F081FDIV C01815

- (a) Function Element: 011204 (Administration of Financial Affairs)
- ii Entity Element (Federal): F081FDIV
- Object Element (non tax receipts): C01815

Q.1. Coding: 044201 S530 A03408

- (a) Function Element: 044201 (Mining of Mineral resources)
- iii Entity Element (Sindh): S530
- Object Element (Expenditure): A03408

Q.1. De-Coding: Provident fund advance to Govt. Servants BPS 1 & 2 by Directorate Archives and libraries KPK

- iv Function Element: Archives Library and museums: 095101
- Entity Element (KPK): N09901 Directorate Archives and libraries KPK
- Object Element (Assets): Provident Fund Advance BPS 1 & 2 : F02147

Q.1. List No. 06 Designation Codes

- (b) Sr. No. 1634 00000452
- i **F. C.M.A**
- List No. 18 Qualification Codes
- Sr. No 78 Qualification Code 165

Q.1. De-Coding: Advance pay to Vice Principal

- (b) 3611: Pay Advance
- ii List No. 14 recurring payments
- 581800001508: **Vice Principal**
- List No. 06 Designation Codes
- Sr. No 5818 Job code 00001508

Q.2. Marking Plan: 03 marks for exact reference and 03 marks for comment or answer

Reference: As per APPM 4.2.15: Payment for Supplies in Advance:

The Finance Officer should carefully assess the situation in line with the Principles of Accounting Policies and Procedures Manual as per APPM 4.2.15; payment for supplies in Advance “Payment must not be made in advance unless it is required by the agreement with the supplier and supported by a bank guarantee for the value of the advance. An agreement of that type must not be entered into merely to avoid the lapsing of an appropriation.

Keeping in view above rule position the **advance should not be approved by the finance officer** as there is no bank guarantee and the agreement should not entered to avoid the lapsing of budget.

Q.3. Marking Plan: 04 marks for 1st portion and 03 marks for significance portion

AS per APPM 11.4.2.2 The related non-cash transactions arising from liabilities (e.g. loan liability, **loss or gain on exchange**), shall also be recorded for incorporation into the Annual Accounts. Where any non-cash transactions are recorded in the liability records, a corresponding direct adjustment to equity shall be made, rather than to expenditures or receipts.

Significance: A non-cash transaction is a financial transaction which does not involve a cash movement but can affect the outstanding liability e.g. loss or gain on foreign exchange can change the liability amount without any movement of cash.

Q.4.

BALUCISTAN GOVERNMENT
Statement of Cash Flows
For the Year Ended 30 June 20XX

	Rupees (In Million)
CASH FLOWS FROM OPERATING EXPENSES	
Taxation: Transfer from Federal Govt.	387,949
Taxation: Own Collection	25,945
Non Tax revenue	8,870
Development Surcharge and Royalties	18,234
Transfer of grants & write off of loans	(59,331)
Grants and Aids- receipts	28,699
Operation payments	(286,641)
state Trading receipts	11,435
Servicing of Debts	(3,941)
<i>Cash from Operating Activities</i>	131,219
CASH FLOWS FROM INVESTING ACTIVITIES	
Recoveries of loans and advances	828
Recovery of Investment	50
Investment	(5,600)
Expenditure on physical Assets and civil works	(133,661)
Payment of Loan and Advances	(6,073)
<i>Cash used in Investing Activities</i>	(144,456)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipt of debt	9,972
Principal repayments of Debt	(8,694)
Net receipt of Public Accounts	9,462
<i>Cash from Financing Activities</i>	10,740
NET INCREASE/(DECREASE)IN CASH AND CASH EQUIVALENTS	(2,497)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	25,553
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23,056

Note: The Exchange of Asset and deferred taxes are non-cash items so will not be included in Cash Flow Statement. If non cash item will be included by the examinee in any activity of cash flow the marks will be awarded zero for that activity

Q.5. Recording of Initial transaction by Department A

- (a) When department A provides services to department B, it recognizes the incurrence of expenditure without transfer of fund, the Journal Entry in Department's A Account is:

DR: Dept A/ Dept B Exchange Account

CR: Cheque clearing Account

- (b) Possible actions department B can take

A sends the voucher to department B, department B will either accept or reject the transfer.

- (c) Upon Acceptance and exchange of vouchers, the journal entry is:

Department B Accounts:

DR: Expenditure head account

CR: Dept A/ Dept B exchange account

- (d) Recognition of Transfer of cash between bank accounts, from department B to department A on receipt of clearance memo from bank

Department A Accounts:

DR: Bank Account

CR: Dept A/ Dept B Exchange Account

Department B Accounts:

DR: Dept A/ Dept B Exchange Account

CR: Bank Account

Q.6. According to APPM 5.3.3.5:

- a "Post-dated cheques should not be accepted. Whilst a post dated cheque is a valid instrument, it will not be honored by the bank it is drawn on until the date on the cheque is reached. Therefore when a person tenders a post-dated cheque, no payment is considered to be made, and no receipt can be issued, until the date of the cheque is reached."

Comment: The action of the officer is wrong as per above quoted rule, he should not accept the cheque and should not issue receipt until 15th March 2024

Q.6. According to APPM 7.4.2.6:

- b "The DAO shall not submit their Monthly Accounts to the respective AG/AGPR office unless it has first undertaken the following checks:
- entity-wise receipts and expenditure records in the Payments summary (consolidated from the General Ledger) agrees with DDO -expenditure records signed-off with the respective spending departments/DDOs
 - daily balances of receipts and expenditures for the month (as recorded in the Sub-ledger) reconciles with the monthly main branch statement received from the bank branch dealing with the DAO
 - the totals produced from consolidation have been independently checked with the General Ledger and source records
 - the debits and credits in the General Ledger of the DAO are in balance, and agree with the Sub-ledger.

Comment: The DAO should not submit the monthly account unless the amounts with bank statement should be reconciled with daily balances of receipts and expenditures.

- Q.6. According to APPM 13.6.1.3** In relation to disposal of assets to other Government department/entity, the value of the asset on transfer will be its original cost, as recorded in the books of transferee department.
- c

Comment: So on disposal the value of asset on transfer will be its original cost

Q.7. Interest on House Building Advance.

(a)

Calculation of monthly principal installment:

Amount of Advance/ No. of Installments

3,469,320/120=**28,911/-**

No. of Installments for 10 years = 10*12= 120

Q.7. **Interest on House Building Advance:**

(b)

Amount of Advance/12 * (No. of Installment +1) /2 * Rate of Interest /100

=3,469,320/12 * (120+1)/2 *17.84%= 3120422/-

Step 1: 3469320/12 = 289,110

Step 2: (calculate Installment factor) 289110*121/2 = 17,491, 155/-

Step 3: Multiply by interest rate: 1749155*17.84/100 = 3,120,422/-

Correct Answer: **3,120,422/-**
