



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Military Accounting
Procedure
(Theory & (Application))**

PMAD

Winter Exam-2024

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Winter Exam-2024

Solutions – Military Accounting Procedure (Theory)

Q.1. Para 18 Military Accounts Code (MAC) General Outlines of the System of Accounts

18. The following are in brief general outlines of the system of accounts of the Defence Services of the Government of Pakistan:

- a. All receipts on behalf of the Defence Services of the Government of Pakistan are paid into Treasury of the Bank. The initial accounts of such receipts are not maintained at the Treasury. The sums are paid into the Treasury in Lump and are accounted for by the Treasury merely as receipts on behalf of the Defence Services. The initial and detailed accounts such receipts are kept by the officers concerned of the Defence Services.
- b. All Payments on behalf of the Defence Services of the Government of Pakistan are ordinarily made either at a treasury or at the Bank, by means of cheques, etc., drawn by officers of the Defence Services including Military Accounts Department); some Defence Services departmental officers are, however, authorised to withdraw sums in lump from a Treasury or the Bank by cheques, etc., for making payments. The payments are treated by the Treasury merely as payments on behalf of the Defence Services and the initial and detailed accounts of the payments are kept by the officers drawing the moneys by cheques, etc.

Note. Except in certain specific cases, where disbursing officers of the Defence Services are allowed cash assignments on treasuries, all payments are made by cheques etc., drawn by the Military Accounts Department.

- c. The officers referred to in clauses (a) and (b) above render the accounts of their transaction to the Defence Accounts Officers concerned.
- d. Officers who are in charge of stores prepare stores accounts for audit by their respective Audit Officers.

Note. In the case of supply and store depots, the store accounts are checked by the staff of the Pakistan Military Accounts Department, from vouchers and other documents furnished by the executive.

- e. Accounts received from officers, vide clause (c) above, the receipts and payments authorised by the Military Accounts department, and other transactions passed on for adjustment by other Account Circles, are classified in the Account Office under the rules in Chapter 10, and the Punching Media embodying the classification so made are transmitted to the D.M. Section.

Note. Transactions of the Units and formations, to which Accountants (i.e A.A.O) of the Pakistan Military Accounts Department are attached, are classified under the appropriate heads of account by such A.A.Os. While the Punching Media embracing the transactions of the Military Engineering Service are transmitted to the “DM” Section direct by the Unit Accountants attached to the M.E.S Divisions, in other cases these are submitted to the “DM” Section through the respective Audit Sections of the Defence Account Office concerned. In such cases, their accuracy is also checked by the audit sections concerned.

- f. The Punching Media received in the D.M. Section are abstracted month by month under the appropriate heads of accounts classification in sectional compilations according to the various sections of each Account Office concerned.
- g. The Sectional compilations of the various Defence Account Circles are further consolidated month by month into one compilation of the Defence Services for the whole country and submitted to the Government of Pakistan, Military Finance Department. The final consolidated account submitted to the Government is styled as “ The All Pakistan consolidated compilation of the Defence Services Receipts and Charges”. (see Chapter-15)
- h. The consolidated annual accounts of the Defence Services are submitted to the Auditor General of Pakistan by the Military Accountant General.



Winter Exam-2024

Solutions – Military Accounting Procedure (Theory)

Q.2. 28. The four main divisions of Government accounts shall be:-

- (1) Revenue,
- (2) Capital,
- (3) Debt, and
- (4) Remittance.

The Revenue Division shall deal with the proceeds of taxation and other receipts classed as Revenue and the Expenditure there from.

The Capital Division shall deal with expenditure met usually from borrowed funds, such expenditure being incurred with the object either of increasing concrete assets of a material character or of reducing recurring liabilities such as those for future pensions by payment of the capitalized value, and also final receipts of a Capital nature intended to be applied as a set-off to Capital Expenditure.

The Debt Division shall comprise receipts and payments in respect of which Government becomes liable to repay the moneys received or has a claim to recover the amounts paid together with repayments of the former and recoveries of the latter. These receipts and payments are receptively termed as “Deposits” and “Advances” and the various classes thereof are described in Chapter 4 and 5 of this code.

The Remittance Division shall embrace all merely adjusting heads, under which shall appear items in transit between different Account Circles in Pakistan including the Account Department of the Ambassador for Pakistan in United Kingdom as well as the Account Department of the diplomatic representative of the Government of Pakistan in any other foreign country which may hereafter be set up on a regularly organised basis. The initial debits or credits to the heads in this Division will be cleared eventually by corresponding receipts or payments either within the same or in another circle of account.

Q.3. Para 46 Military Accounts Code (MAC)

Cost of Acquisition of Land

46. The cost of land taken for the Army, Military Engineering Service, Air Force and Navy shall be debited to the Defence Services Estimates under the appropriate main heads of account.

Q.4. Para 65,66,67,68 Military Accounts Code (MAC)

Security Deposits

65. “Security Deposits” are tendered in the form of Cash, Government Securities, provincial or municipal debentures, port trust bonds, bank-deposit receipts or saving bank Pass-Books, Deposits, other than those tendered in cash do not pass through the Government accounts and are dealt with in the manner indicated in Financial Regulations, Defence Services, Part I.

66.

Deposits tendered in cash will be paid by the tenderers into the local treasury on the authority of a receivable order obtained from one of the officers mentioned in Rule 8, Financial Regulations (Defence Services), Part II, treasury receipts being forwarded by the administrative officers concerned to the Controller of Accounts and the amount credited to the head “Security Deposits”. In the case of formations, etc., which render cash accounts (e.g., Remount Depots, Military Farms etc.) the amounts will be credited in those accounts and will be adjusted to the head “Security Deposits”.

67. The Stores (Contract) Section will maintain the Cash Security Deposit Register in P.A.F.A. 525 and will effect an agreement between the totals of posting in the register and the corresponding figure appearing in the monthly printed sectional compilation.

In the case of M.E.S. such transactions will be noted by the Unit Accountants attached to Garrison Engineer’s Offices in the register of “suspense account” P.A.F. (C.M.A.) 258. To enable them to effect the necessary agreement between the postings in the register and the compiled actuals, the “DM”, Section will forward a copy of the monthly section compilation to the Unit Accountants attached to Garrison Engineer’s Offices.

No schedules in P.A.F.A., 725 in respect of above transactions will be prepared.



Winter Exam-2024

Solutions – Military Accounting Procedure (Theory)

68. When cash security deposits are transferred from one Defence Account Circle to another, the transaction will be adjusted by debit (deduction from credit) to the head “Security Deposits” by corresponding credit to the Account Circle concerned.

Note: Earnest money deposits paid by tenderers into the Civil Treasury are recorded in the civil books and are not passed to the Defence Department, when, however, such deposits (pertaining to the Defence Department) are confiscated to Government, they are passed on to the Defence Department for adjustment by deduction from expenditure.

Q.5. F.R-Vol-I Page No. 58 Para 47 (h) (1, 2, 3)

h. Revised Estimates. The process of estimating does not end with the preparation of the original budget estimates for the ensuing year but continues through out the year. The previous estimates that are to be prepared in the course of a year, in addition to the budget estimates, are:- (1) Preliminary Revised Estimate. The preliminary revised estimate will show the extent to which the sanctioned budget estimates for the year are affected by circumstances known or orders promulgated either before or after the 1st July which may necessitate modifications in those estimates, and will be based on the actual expenditure for July and the estimated expenditure for August to June of a current financial year. Information required for this estimate in respect of locally controlled heads of account will be furnished by the local authorities to the controlling authorities at General or Air Headquarters so as to reach them by the 20th August of each year. The controlling authorities at Services Headquarters will furnish information required for the preparation of this estimate to the Ministry of Defence so as to reach them by 25th September. The Military Accountant General will also furnish estimates in respect of his department so as to reach the Ministry of Finance (Military) by the 25th September of each year. (2) The preliminary revised estimate is a forecast as accurate as possible of what the actual results for the year are likely to be. All important changes, tending to increase or decrease the budget estimates, as indicated by actual figures available or by other circumstances which have come to notice, or taken into account in the preparation of this estimate. It will be based on the actual expenditure from July to October and the estimated expenditure for the remaining eight months from November to June of a current financial year. Information required for this estimate in respect of all locally controlled heads will be furnished by the local authorities to the controlling authorities at General or Air Headquarters so as to reach them by the 15th October each year. The controlling authorities at Services Headquarters will furnish information required for the preparation of this estimate to the Ministry of Defence so as to reach them by the 15th December. The Military Accountant General will also furnish estimates in respect of his department so as to reach the Ministry of Finance (Military) by the 15th December each year. (3) Final Revised Estimates. The final revised estimate is the final estimate for a current financial year and is based on the actual expenditure for the first ten months from July to April and the estimated expenditure for the remaining two months from May and June, taking into account any later information or other circumstances which will affect the original grant. The local authorities will furnish information required for this estimate in respect of locally controlled heads to Services Headquarters by 20th November each year. The controlling authorities at Services Headquarters will furnish information required for the preparation of this estimate to the Ministry of Defence so as to reach them by the 1st June. The Military Accountant General will also furnish estimates in respect of his department so as to reach Ministry of Finance (Military) by the 1st June each year.



Winter Exam-2024

Solutions – Military Accounting Procedure (Application)

Q.1. Para 78, 79 and 80 Military Accounts Code (MAC)

Reconciliation of Postings in Deposit Register and Verification of Balances

78. For all deposits for which special forms of Registers have not been prescribed, a register in P.A.F. 525 will be maintained. In opening the registers (including the special registers), the deposits of previous year's which have not been repaid or credited to Government vide paragraph 76, will be brought forward in detail from the preceding year's registers. The deposits and repayments made during a month will be posted monthly from the schedules accompanying the Punching Media, and the totals of such deposits and repayments as posted in the registers verified with the amounts shown in the monthly consolidated compilation.

79. At the end of the year, the total credits and debits for the year and balances at the end of the year will be agreed with the total credits and debits and balances as recorded in the ledger.

80. the balances of security deposits as recorded in the registers of Security Deposits in P.A.F.A 525 of Superintendents of Remount Depots, and of the Chief of Army Staff, Pakistan Navy, will be verified annually with the list of outstanding in P.A.F.A. 289 furnished to those officers.

Q.2. Para 182 and 183 Military Accounts Code (MAC)

Exchange Accounts for June

182. Every effort should be made to clear the Exchange Account items within the year of account. The objection statements (Para-253) relating to the preliminary accounts for June must be dispatched promptly after receipt of the accounts and the objections must be promptly answered, any new items which may come to light should be made the subject of correspondence, but no Controller should make an adjusting entry on account of an item mentioned in correspondence, in anticipation of its appearance in an Exchange Account, unless the other officer states distinctly that it will appear in his account.

Exchange accounts for June final and supplementary

183. The final Exchange Account for June need not detail the items of the preliminary account, but must open with its gross debit and gross credit. This Exchange Account should include responding entries only and no original entries should appear except with the consent of the order party to the account.

Any corrections of adjustments found necessary after the dispatch of the June Final Exchange Account may, if the other party to the Account agrees, be communicated by means of a Supplementary Exchange Account.

Note: No original transaction will be communicated by the Civil, Posts and Telegraphs and Railway Departments to the Military Accounts Department for adjustment after the 20th November of each year.

Q.3. Para 241 Military Accounts Code (MAC)

Charges or Account of Printing Work done for and Stationery Supplied to the Defence Services

241. Charges for the cost of printing work done in the presses of the Central and Provincial Governments on behalf of the various branches of the Defence Department (including the Pakistan Military Accounts Department) and of stationery supplied by the Printing and Stationery Department to those branches shall be passed on for adjustment to the Defence Officers as shown below:



Winter Exam-2024

Solutions – Military Accounting Procedure (Application)

| Charges Pertaining to | Name of Account Officer adjusting the Charges |
|-----------------------------|---|
| 1. PAF | Controller of Accounts Air Forces, Peshawar Cantt. |
| 2. Pakistan Navy | Controller of Naval Accounts Karachi. |
| 3. Pakistan Army Formations | Controller of Ordnance Factory Accounts, Wah Cantt. |
| 4. Others Defence Services | Controller of Military Accounts Lahore. |

Q.4. Para 263 Military Accounts Code (MAC)

Works Transactions on Account of the Air Forces, Army Ordnance and Clothing Factories and Pakistan Navy.

263. Works transactions on account of Ordnance and Clothing Factories will be audited by Army Controllers as Sub-Auditor of Controller of Ordnance Factory Accounts. The receipt and expenditure in connection therewith will not be passed through the remittance head but will be dealt as detailed below:-

- (i) All such receipts and expenditure on account of Ordnance and Clothing Factories will be adjusted by Army Controllers direct under the relevant detailed heads of Main Head 15.
- (ii) a. To enable the Controller of Ordnance Factory Accounts, to watch expenditure against allotments and to prepare where necessary Statistical returns, periodical statements etc, for submission to the administrative and Financial Authorities the Unit Accountant attached with the MES offices, will render quarterly detailed Statement of Service and expenditure relating to Factory Works showing the figures of each Factory booked by them under the Sub minor and detailed head of Main Head -15. These statements will be prepared by the Unit Accountant MES in duplicate from Construction Accounts maintained of the MES authorities. The original will be sent to the Controller of Ordnance Factory Account, so as to reach him not later than 10th of the Ist Month, following the quarter to which the Statement pertains, and duplicate to C.M.A in whose audit area the expenditure and receipt have appeared. The figures in these statements will be verified by the Unit Accountant and C.M.A concerned on receipt of Sectional Compilation from “DM” Section. The correction if any will be intimated by the CMA to the COFA without delay, so as to enable the latter to incorporate them in their statement of actuals etc. for that quarter, if time permits, otherwise in those for the subsequent quarter. If: however, a particular work/works is/are completed in a month which does not coincide with the last month of a quarter, an additional statement will be rendered by the Unit Accountant concerned to the C.O.F.A by the 10th of the month following in which the work/works is/are completed.
- b. All transactions for June relating to Factory works as also any unadjusted transaction of the year will be finally adjusted as far as possible by the Controllers in their June (Final) Accounts and no transaction will ordinarily appear in their compilation for June (Supplementary). Separate statements for the amounts compiled in these accounts will be rendered by the Unit Accountant M.E.S. to the C.O.F.A as soon as possible after the close of these Accounts.

Note. - The statement should be reconciled with the compiled actuals before submitted to the Controller of Ordnance Factory Accounts.

Q.5. Para 351 Military Accounts Code (MAC)

MILITARY LEDGER

351 Every controller is responsible for maintaining the Military Ledger exhibiting the transactions which pass into his accounts under the following divisions:-

- (i) Revenue heads.---Receipts and payments on account of Revenue and Expenditure of Government.
- (ii) Capital heads.---Expenditure outside the Revenue Account.



Winter Exam-2024

Solutions – Military Accounting Procedure (Application)

- (iii) Debt heads.----Receipts and Payments in respect of which Government becomes liable to repay the moneys received or has claim to recover the amounts paid.
- (iv) Exchange Account heads.---Receipts and payments to be passed on to the Accounts of other Accounts Officers and debits and credits passed by other Accounts Officers and brought on the accounts

Q.6.

| C.Code | R+ | R- | C.Code | C+ | C- |
|--------|--------|----|----------|--------|----|
| C.D | 30,000 | | 0/016/69 | 30,000 | |

Q.7. Class-II

(i)

| C.Code | R+ | R- | C.Code | C+ | C- |
|----------|---------|---------|--------|----|----|
| 0/014/06 | - | 500,000 | | - | - |
| 0/065/21 | 500,000 | - | | - | - |

Q.7. Class-VIII

(ii)

| C.Code | R+ | R- | C.Code | C+ | C- |
|----------|---------|----|----------|---------|----|
| 0/014/06 | 500,000 | - | 0/076/22 | 500,000 | - |
