



**Pakistan Institute of Public
Finance Accountants**

May Exam-2026

[04.May.2026] [02:30 – 05:15 pm]

Additional time – 15 mins for Paper Reading

PS Accounting (Application)

AGP | PG | PMAD | KPG | SG | Public Sector

Marks-80

Subjective

Duration: 02 Hours 30 Minutes

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- Start each question from fresh page.
- **Only required number of questions are awarded marks. The best question(s) are treated extra and rejected, if more than required questions are attempted.**

Books Allowed:

- Manual of Accounting Principles
- Accounting Policies and Procedures Manual
- Chart of Accounts
- International Public Sector Accounting Standard Vol-II (Cash Basis)

Attempt all questions

- Q.1.** DAOs of the Provincial Government did not transfer receipts to concerned Government and retained in its Public Account resulting in overstatement of closing balances of Rs. 481.716 million. Authorities raised accruals against Public Account and certain heads of account of Consolidated Fund Receipts invariably by retaining an amount of Rs. 481.716 million on account of General Provident Fund (GPF), Group Insurance (GI), Benevolent Fund (BF), Income Tax and General Sales Tax (GST) during the Financial Year 2024-25.

This phenomenon overstated the cash closing balance as under:

	Rs.(m)
Cash closing balance as on 30.06.2025	7,318.144
Liabilities	481.716
Actual cash closing balance	6,836.428

Required:

Comment on the above situation.

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- Q.2.** The Head of an office made advance payment amounting to Rs. 6.593 million for purchase of chassis of sewer jetting machine and tractor without obtaining the sanction from the Finance Department for the Financial years 2022-23 to 2024-25. Bank guarantee of Rs. 0.405 million was obtained instead of Rs. 4.050 million for purchase of chassis but no bank guarantee was taken against the purchase of tractor. Chassis of Tractor was purchased without inviting bids.

Required:

Find out major irregularity occurred in the above case.

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- Q.3.** Provisional Disaster Management Authority (PDMA) incurred an expenditure amounting to Rs. 231.273 million during the Financial Year 2024-25 out of the total Provincial Disaster Management Fund (PDMF) of the Authority. The Authority's operational expenditure was being met out of Provincial Government's annual budgetary allocation through its assigned cost center and Aasan Assignment Account.

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The PDMA unauthorizedly incurred expenditure from Fund, on those heads of accounts for which regular budget was already provided. An expenditure of Rs. 28.835 million was incurred under the head of "Food" out of National Disaster Management Fund (NDMF), whereas, regular budget of Rs. 45.355 million under this head was lapsed. Similarly, expenditure of Rs. 195.891 million was incurred under the head of "Cost of other stores" out of NDMF, whereas, regular budget of Rs. 41.984 million under this head was lapsed.

Required:

Interpret the above situation.

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OR

The Irrigation Department of the Provincial Government incurred expenditure amounting to Rs. 2.197 million on different activities including repair of machinery and hardware, purchase of office stationery and other miscellaneous items during the Financial Years 2023-25.

Following discrepancies were noticed:

- (i) Procurement of computer hardware, furniture & fixture was made under the head of other miscellaneous A03970 instead of relevant head of account.
- (ii) Expenditure on repair of hardware was made from repair of machinery.
- (iii) Purchase of furniture & fixture was made from cost of other store.
- (iv) Purchase of machinery was made under the head of stationary.

Required:

State what violations have been made in the above case?

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- Q.4.** Opening monthly balance of the Suspense Account in a DAO/AG system of accounting was Rs. 2 million for M/s Qadeer & Company. After hectic efforts an amount of Rs. 0.5 million could manage to clear, leaving a significant amount at the end of the month.

Required:

- (a) Specify who is responsible for non-clearance of the outstanding balance amount?
- (b) Federal Government received an amount of Rs. 125,000 on account of proceed from disposal of Fixed Assets:

05

Give necessary entries to:

05

- (i) Record proceed from disposal of fixed assets
- (ii) Record disposal of fixed assets in the memorandum account

OR

Discuss the Key Accounting Control objectives and Respective Controls to minimize risk of fraud and corruption.

05

- Q.5.** (a) Codify the following heads of Chart of Accounts classifying Major Object Description, Minor Object Description and Detailed Object Description:

- (i) Grants in Aid
- (ii) Domestic permanent Debts
- (iii) Advances to Government Servants
- (iv) Scholarship

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Contd.....

(b) Give the detail narration of the following:

(i) E 01, E 011 and E 01101

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(ii) F 02, F 023 and F 02301

02

(iii) E 03, E 033 and E 03301

02

(iv) C03, C 031 and C 03116

02

Q.6. The operational activities of XYZ Trading Corporation for the year 2024-2025 as compared to those of the previous year 2023-2024 are as under;

S.No.		Rs. (m)	Rs. (m)
		2024-2025	2023-2024
1.	Sales and related income	315	3,648
2.	Cost of sales	152	3,025
3.	Gross profit/(loss)	162	623
4.	Operating expenses	204	110
5.	Operating (profit/loss)	(41)	513
6.	Other income	188	43
7.	Paid to WAPDA as per Government directive	-	(100)
8.	Prior period adjustment	(72)	-
9.	Profit before taxation	74	456
10.	Taxation-current year	63	54
11.	Profit/loss after taxation	10	401
12.	Transfer to general reserve	-	211
13.	Accumulated (profit/loss)	(14,116)	134

Required:

The management also took over the liabilities of accumulated losses sustained by its subsidiaries. Calculate %age increase and decrease and explain briefly the working results in your own words.

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