



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**PS Accounting
(Application)**

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

May Exam-2026

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Solutions – PS Accounting (Application)

- Q.1.** This is violation of Para 5.2.2.2 of Accounting Policies and Procedures Manual, which says that, Public Account receipts, other than revenue, must be banked in the name of the Government without delay and included in the Public Account of the respective Federal or Provincial Government.

As such the above rules should have been followed to avoid the situation

- Q.2.** According to Para 4.2.15 of the Accounting Policies and Procedural Manual, “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. Officers should ensure that before agreeing to make advance payment or enter into an interim payment arrangement, approval from an officer, as specified by the delegation of Financial Powers, is obtained.”

Further due to weak internal controls, advance payment was made without taking the sanction. Hence, the whole purchase process was irregular and not transparent

- Q.3.** According to Para 14.2.3 of Accounting Policies and Procedures Manual, no authority shall incur expenditure from the public account unless it is sanctioned under the governing act, order or the regulation for the particular trust account or special deposit account.

Since the accounting procedures and rules/regulations to operate the Fund Account were not formulated. Hence, incurrence of expenditure in the absence of approved accounting procedures and rules/regulations was irregular.

OR

According to Para 4.5.4.4 of Accounting Policies and Procedures Manual, the approving officer shall ensure that the account to which the voucher is to be charged is correct and is shown on the face of each voucher. The officer concerned did not follow the Government rules and the expenditure was incurred under wrong heads of accounts due to non-availability of budget in actual heads which resulted in misclassification and expenditure without budgetary allocations.

- Q.4.** [Answer at 16.4.2 of AP&PM]

a

- Q.4.** [Answer at 13.6.2 of AP&PM]

b

OR

- Q.5.** Grants in Aid

a [Answer at Page 18/38 of CoAs 15-12-2024
Liabilities: G 13, G 131, G 13101-99]

Domestic permanent Debts

[Answer at Page 4/9 of CoAs 15-12- 2024

Capital Receipts: E03, E 031, E 03101-20]



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Advances to Government Servants

[Answer at page 15/37 of CoAs 15-12-2024]

Exp: A 08, A 081, A 08101-70]

Scholarship

[Answer at page 13/35 of CoAs 15-12-2024]

Exp: A06, A061, A06101-04]

Q.5. E 01, E 011, and E 01101-50

b [Answer at page 1/6 of CoAs 15-12-24]

F 02, F 023, and F 02301-02

[Answer at page 2&4/7&9 of CoAs 15-12-24]

E 03, E 033, E 03301-20

[Answer at page 04&05/09&10 of CoAs 15-12-24]

VIII C03, C 031, C 03116-50

[Answer at page 11&12/34&35 of CoAs 15-12-24]

Q.6.

	(Rs in million)		
	2024-2025	2023-2024	Percentage increase/ (decrease)
Sales and related income	315	3,648	(91)
Cost of sales	152	3,025	(95)
Gross profit/(loss)	162	623	(74)
Operating expenses	204	110	85
Operating (profit/loss)	(41)	513	-
Other income	188	43	337
Paid to WAPDA as per Govt. directive	-	(100.000)	-
Prior period adjustment	(72)	-	-
Profit before taxation	74	456	(84)
Taxation-current year	63	54	16
Profit/loss after taxation	10	401	(97)
Transfer to general reserve	-	211	-
Accumulated (profit/loss)	(14,116)	134	-

The operating profit of the Corporation Rs 513 million earned during the year 2023-2024 was converted into an operating loss of Rs 41 million in the year 2024-25. This was mainly due to extreme decline in the sales volume by 91% and substantial increase in the operating expenses by 85% as compared to that of the previous year 2023-24.

The accumulated losses of the Corporation stood at Rs 14,116 million as on June 30, 2025 as against the accumulated profit of Rs 134 million as on June 30, 2024 by the Corporation This was mainly due to taking over the liabilities of accumulated losses sustained by its subsidiaries. In the prevailing circumstances, the status of the entity as a going concern is doubtful until and unless major steps are undertaken for its financial stability.
