



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Sector Accounting
(Application)
CGA | PMAD | PRAD**

Winter Exam-2025

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- Q.1.** (i) Object Element Non Tax Revenue: C03781
(a) (ii) Object Element Tax Revenue: B01810
i (iii) Object Element Assets: F02301
(iv) Object Element Non Tax Revenue: C01708
(v) Object Element Capital Receipts: E03401
(vi) Object Element Liabilities: G06307
(vii) HR Codes (List No.14 Recurring payments and deductions Sr. No.379 Wage Type 3931)
(viii) HR Codes (9 Info type education, info type no. 0022, information to be reported Z4 University)
(ix) F561NH01H01104

- Q.2. Reference:** As per APPM 5.2.2.8 Collection of public monies must not be mixed with
a collection of private monies. For example, no private monies should be kept in official safes or bank accounts.

Comments: So the action of cashier violated the Rule of APPM 5.2.2.8, Private money should keep separate from public money.

Topic: Policies and procedures for recording the assets on acquisition, month/year-end disposal of fixed assets /APPM 13.4.3.3

- Q.2. Reference:** As per APPM13.4.3.3 Donations or gifts of fixed assets by department/entity may
b be **made only on the authority of the MoF**. Such assets shall be removed from the Fixed Assets Register on the date the fixed assets is donated or gifted.

Comments: So the action of the department violates the above rule, approval of Ministry of finance is mandatory and the gifted assets shall be removed from the record on the date of donation.

Topic: Recording for transactions relating to Refunds, Petty cash, pay and allowances, pension/Gratuity and contingencies with deduction for tax at source./ APPM 4.2.9.4

- Q.2. Reference:** As per APPM 4.2.9.4 and 4.6.3.1 Payment of approved claims must be made
c only to the claimant as indicated on the claim voucher. And as per **4.6.3.1** The normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment, and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over payment by cheque or cash, against risks of theft or fraud.

Comments: Action is not as per APPM Policies as the monthly payment of pay and allowances through DDO instead of Cross Cheque or vendor payment can be a seriously irregularity and as per above rule the claim must be made only to claimant and should ne directly transferred to the bank accounts.

TOPIC: Components and preparation of Cash Flow Statement (IPSAS-2)



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Q.3. Department of Education
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2024

	Receipts / Payments Controlled by entity	Payments by third Parties
Receipts:		
Fund Allocation	46392	750
Proceeds from borrowings	8392	
Receipts from trading activities	2158	
Proceeds from disposal from property, Plant & Equipment	287	
Interest received	14	
Total Receipts	57243	750
Payments:		
Wages, Salaries and employees benefit	(46760)	(750)
Supplies and consumables	(1829)	
Rent	(568)	
Purchase of property, Plant & Equipment	(7800)	
Repayment of borrowings	(39)	
Interest Payments	(102)	
Total Payments	(57098)	(750)
Increase / (decrease) in Cash	145	
Cash at Beginning of Year	65	
Cash at end of Year	210	

Note that adjustments will need to be made for the items noted during the reconciliation of the cash records to the bank statement as follows:

- 1) Interest payment of Rs. 35,000 to be added to interest payments in the payments section.
- 2) Bank transfer of Rs.58,000 to be added receipts from trading activities in the receipts section.
- 3) Rs.300,000 to be deducted from proceeds of disposal of property, plant and equipment within the receipts section, as the cash was not received during the year. The amount owed by the purchaser is a receivable, and under the cash basis method of financial reporting this would not appear in the main statements, although the department may separately present information on receivables in the notes to the statements.

Q.4. Accounting treatment of the transaction

a

As per MAP **Rule 2.2.10.13**, a commitment must be recognised in the books of accounts as soon as there is a *properly authorised obligation* to make a future payment, provided that:



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- The amount of the transaction is known, and
- The supplier has been nominated.
- In this case, the Rs. 2 million contract signed in March 2024 meets these conditions. Therefore, the commitment will be recorded in the books in March 2024 (the date of authorisation), even though the goods will be delivered and payment made in July 2024.

Q.4. Precautions to avoid exceeding the Schedule of Authorised Expenditure

b As per MAP Rule 2.2.10.13 and 2.2.10.14, before entering into the commitment, the DDO must ensure that:

- The sum of the total expenditure to date **plus** all outstanding commitments does **not exceed** the amount specified in the Schedule of Authorised Expenditure for the year. If entering into the contract would exceed this limit, the commitment should not be made.

Q.4. Treatment at year-end

c According to MAP Rule 2.2.10.14, a commitment is tied to a particular Schedule of Authorised Expenditure and lapses when that Schedule ceases (i.e., at year-end).

- Since the liability for payment (Rs. 2 million) does not lapse, the commitment must be **reinstated** in the following year's Schedule of Authorised Expenditure.

Finally, as per MAP Rule 2.2.10.15, all outstanding commitments at year-end must be disclosed in the annual accounts.

Q.5. GP Fund LEDGER CARD (INTEREST APPLIED) 2024-2025

GPF A/c No : xxxx

Name:

Mr.ABC

Designation

Accounts Officer

Month/Year	Monthly Subscription	Refund of GP Fund Advance	Withdrawals	Progressive Balance
Opening Balance				750,000

01/07/24	7,960	-		757,960
01/08/24	7,960			765,920
01/09/24	7,960			773,880
01/10/24	7,960			781,840
01/11/24	7,960			789,800
01/12/24	7,960			797,760
31/01/25	7,960		600,000	205,720
01/02/25	7,960	12,500		226,180
01/03/25	7,960	12,500		246,640
01/04/25	7,960	12,500		267,100
01/05/25	7,960	12,500		287,560
01/06/25	7,960	12,500		308,020
Total	95,520	62,500	600,000	6,208,380



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Opening Balance on 1 st July 2024	750,000
Deposits and Refunds	158,020
Interest for the Year @ 12.46% (Progressive total * Interest rate /12) (6208380*12.46% ÷12)	64,464
Withdrawals during the year	600,000
Balance on 30th June-2025	372,484

Q.6. Cash Flow from Investing activities:

Purchase of PPE (Working 1)	(150)
Proceeds from Sale of PPE (Working 2)	8.9
Net Cash used in Investing activities	(141.1)

Cash Flow from Financing activities:

Proceeds from long term loan raised	50	
Repayment of existing borrowing	(25.05)	1
Net Cash from Financing Activities	24.95	

Working 1: Cash Outflow From purchase of PPE

PPE Ledger Account

03

DR.	Rs. (in millions)	CR.	Rs. (in millions)
Bal b/d	760	Depreciation	70
		Disposal	16
Additions (Balancing Figure)	186	Bal C/d	860
Total	946	Total	946

This balancing figure of Rs. 186 million includes the accrual based values so the actual cash based is as follows

Additions as per ledger	186
Less Closing Capital payable	(16)
Less Financed Leased asset	(20)
Additions to PPE on cash basis (Cash Outflow)	150



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5. Note: the finance leased asset is adjusted for because this acquisition did not result in a cash outflow to purchase the asset. The cash flow is the annual lease payment, which is accounted for in operating activities (the finance cost element) and financing activities (the principal element). Interest of **Rs. 5 million** was accrued on the outstanding loan but not yet paid at year-end (a non cash item).

Working 2
Cash Inflow from
disposal of PPE

Book value of Land Disposed off	16
Add Profit on disposal	1.8
Disposal Proceeds	17.8
Actual Received in the year	8.9
