



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BPS-17 UNDER
THE FEDERAL GOVERNMENT, 2010

Roll Number

ACCOUNTANCY AND AUDITING, PAPER-II

TIME ALLOWED:	(PART-I) 30 MINUTES	MAXIMUM MARKS:20
	(PART-II) 2 HOURS & 30 MINUTES	MAXIMUM MARKS:80

- NOTE:** (i) First attempt PART-I (MCQ) on separate Answer Sheet which shall be taken back after 30 minutes.
(ii) Overwriting/cutting of the options/answers will not be given credit.

PART – I (MCQ)
(COMPULSORY)

Q.1. Select the best option/answer and fill in the appropriate box on the Answer Sheet. (20)

- (i) Which of the following is a clearing account?
(a) manufacturing summary (b) manufacturing overhead (c) accumulated depreciation
(d) accounts payable (e) None of these
- (ii) Which one is not a feature of process costing?
(a) classification of costs into fixed and variable (b) emergence of more than one product
(c) equivalent production (d) duration of work is long
(e) None of these
- (iii) The process loss not allowed to affect the cost of goods units is:
(a) normal loss (b) standard loss (c) abnormal loss (d) material loss (e) None of these
- (iv) Which stock control method concentrates efforts on selected items of inventory?
(a) Periodic inventory system (b) perpetual inventory system (c) inventory turnover ratio
(d) ABC analysis (e) None of these
- (v) Continuous stock taking is a part of:
(a) Periodic inventory (b) annual stock taking (c) perpetual inventory
(d) ABC analysis (e) None of these
- (vi) Agriculture, forestry, hunting and fishing is included in:
(a) Genetic industry (b) Extractive industry (c) Manufacturing industry
(d) Construction industry (e) None of these
- (vii) The minimum number of directors in unlisted public limited company is:
(a) 5 (b) 10 (c) 3 (d) 7 (e) None of these
- (viii) In Pakistan chamber of commerce and industry is registered with:
(a) Registrar of firms' (b) registrar of companies' (c) registrar of societies
(d) registrar of clubs (e) None of these
- (ix) A co-operative society can be formed in Pakistan under Co-operative Societies Act:
(a) 1904 (b) 1912 (c) 1925 (d) 1942 (e) None of these
- (x) Which of the following partnership can be formed for indefinite period?
(a) limited partnership (b) joint venture (c) partnership at will
(d) particular partnership (e) None of these
- (xi) Repetition of client clerical routines such as footing and posting is called:
(a) vouching (b) reperformance (c) scanning (d) tracing (e) None of these
- (xii) The direction of testing from the source document to the accounting record is called:
(a) vouching (b) sampling (c) tracing (d) verification (e) None of these
- (xiii) Which of the following internal controls is usually studied and evaluated in detail?
(a) control over salesmen performance (b) control over machine idle time
(c) quality control over production (d) control over stores and pricing (e) None of these
- (xiv) Which of the following liability of an auditor has occurred when auditor failed to study articles of association and the directors paid dividend out of capital?
(a) negligence (b) misfeasance (c) libel (d) breach of contract (e) None of these
- (xv) Visual examination of accounting record and schedules to identify unusual items or inconsistencies is called:
(a) observation (b) scanning (c) inquiry (d) inspection (e) None of these
- (xvi) Which of the following is revenue expenditure?
(a) cost of feasibility report (b) legal expenses of income tax appeal
(c) cost of issuance of additional capital (d) cost of preparation of partnership deed
(e) None of these
- (xvii) Which of the following is not capital asset?
(a) shares of a company (b) jewellery (c) coin (d) copy rights (e) None of these

ACCOUNTANCY AND AUDITING, PAPER-II

- (xviii) Ground rent is an income from:
 - (a) agriculture (b) salary (c) business (d) other sources (e) None of these
- (xix) Which of the following is admissible expenditure in respect of income from business?
 - (a) fines and penalties (b) income tax (c) excise duty
 - (d) cost of permanent sign-board (e) None of these
- (xx) Which one of the following is an agricultural income?
 - (a) income from poultry farm (b) income from cultivation of rice
 - (c) income from sale of water for irrigation (d) royalty income from mines (e) None of these

PART – II

NOTE:	<ul style="list-style-type: none"> (i) PART-II is to be attempted on the separate Answer Book. (ii) Attempt ONLY FOUR questions from PART-II, selecting ONE question from EACH SECTION A,B,C and D. All questions carry EQUAL marks. (iii) Extra attempt of any question or any part of the attempted question will not be considered. (iv) Use of simple calculator is allowed.
--------------	---

SECTION-A (Cost Accounting)

Q 2. The Constant Company had the following inventories of the beginning and end of January. **(20)**

	January 1	January 31
Material	Rs. 10000	Rs.38000
Work-in-process	?	110000
Finished goods	50000	150000

During January, the cost of material purchased was Rs. 138000 and the factory overhead of Rs. 90000 was applied at the rate of 50 % of Direct Labour Cost. In January cost of goods sold was Rs. 200000.

Required: Prepare ledger accounts showing the flow of the cost of goods manufactured and sold.

Q 3. ZEE Company produces digital watches in large quantities. The company has two departments, assembly and testing. The manufacturing costs in the assembly department during January were direct material cost Rs.36000; labour cost Rs. 23750; and overhead Rs.14250. Work on 1000 watches was started in assembly department during January, but only 900 watches were fully completed. All the parts had been placed in process, but rest of the watches are one-half complete as to conversion cost.

Required: Prepare cost of production report for assembly department **(20)**

SECTION – B (Auditing)

Q.4. What are the advantages and limitations of auditing? **(20)**

Q.5. What is the difference between investigation and auditing? **(20)**

SECTION – C (Income Tax)

Q.6. Define the following: **(20)**

- (i) business (ii) non-profit organisation (iii) person
- (iv) public company (v) financial institution

Q.7. The following information is available in respect of Mr. Abdullah for tax year ending on June 30, 2009 **(20)**

Basic salary	Rs.300000
Dearness allowance	25000
Computer allowance	30000
Medical facility by employer	10000
Gas and electricity allowance	5000
Salary of watch man paid by employer	36000
Profit on sale of shares of private limited company	12000
Leave fare assistance	45000
Employer contribution to provident fund	35000
Profit on sale of shares of listed public limited company	9000

Calculate taxable income of Mr. Abdullah

SECTION – D (Business Organization and Finance)

Q.8. What is the difference between unlisted public limited company and cooperative society? **(20)**

Q.9. What is memorandum of association? What are its contents? **(20)**
